

JPRS-UIA-90-004

14 MARCH 1990



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

JPRS Report

Soviet Union

International Affairs

Soviet Union

International Affairs

JPRS-UIA-90-004

CONTENTS

14 March 1990

SOCIALIST COMMUNITY, CEMA

- Yugoslav Lawyer Advocates Protective Legal System
[S. Andzhelkovich; *KOMSOMOLSKAYA PRAVDA*, 31 Jan 90] 1

THIRD WORLD ISSUES

- Ideology Seen Hindering Cooperation on Third World
[A. Gromyko; *ASIA AND AFRICA TODAY* No 1, Jan-Feb 90] 4

GENERAL ECONOMIC AFFAIRS

- Progress of Joint Ventures Assessed [S. Yevstratov; *EKONOMIKA I ZHIZN* No 4, Jan 90] 7
Application of Joint Venture Laws Examined
[Ye. Spiridonov; *MATERIALNO-TEKHNICHESKOYE SNABZHENIYE* No 12, Dec 89] 8
Official Defends Bank for Foreign Economic Activity
[T. I. Alibegov; *PRAVITELSTVENNY VESTNIK* No 4, Jan 90] 13
Azerbaijan's Foreign Relations Discussed [R. Orujov, M. Gasymov; *KOMMUNIST*, 15 Nov 89] 15
Impediments to Soviet Foreign Trade Detailed, Analyzed
[I. Ivanov; *MIROVAYA EKONOMIKA I MEZHDUNARODNYE OTNOSHENIYA* No 10, Oct 89] 18

EAST EUROPE

- Scenario of Prague Events Examined [V. Rzhnevskiy; *SOVETSKAYA KULTURA*, 28 Dec 89] 26

LATIN AMERICA

- Chile's Communist Party Central Committee Member on New Government
[O. Asocar; *PRAVDA*, 13 Feb 90] 28
PCC Politburo Member Davalos on Ideology, Culture
[A. H. Davalos; *PROBLEMY MIRA I SOTSIALIZMA* No 1, Jan 90] 28
Panama's People's Party Secretary on Party's Role, Ideology
[R. D. Sousa; *PROBLEMY MIRA I SOTSIALIZMA* No 1, Jan 90] 33

CHINA, EAST ASIA

- Ashkhabad Marks 40th Anniversary Of PRC [SOVET TURKMENISTANY, 4 Oct 89] 38

NEAR EAST & SOUTH ASIA

- Resumption of Diplomatic Relations with Israel Discussed
[V. Bashkin; *SOVETSKAYA LATVIYA*, 5 Jan 90] 39
Secret Pakistani-Afghan Confederation Plan Described [V. Petrov; *KRASNAYA ZVEZDA*, 6 Feb 90] 40
Azeris in Iran Depicted [I. Belyayev; *LITERATURNAYA GAZETA*, 7 Feb 90] 41
Leader of Islamic Society of Afghanistan Profiled
[N. Semenenko; *SOVETSKAYA ROSSIYA*, 28 Jan 90] 42
Egypt's President Mubarak Profiled [A. Shumilin; *KOMSOMOLSKAYA PRAVDA*, 3 Feb 90] 43
Turkmen SSR Deputy Trade Minister Interviewed on Foreign Trade
[Ch. T. Kuliyeu; *TURKMENSKAYA ISKRA*, 7 Dec 89] 45
Palestinian Peace Plan, Intifadah Goals; U.S. Reactions Examined
[M. Shukyr; *PROBLEMY MIRA I SOTSIALIZMA* No 11, November 89] 47

Yugoslav Lawyer Advocates Protective Legal System
90UN0836A Moscow KOMSOMOLSKAYA PRAVDA
in Russian 31 Jan 90 p 3

[Interview with Yugoslav Lawyer, Sava Andzhelkovich, by staff correspondent V. Khlystun: "Man And The Law: A Yugoslav Lawyer On The Problem Of Human Rights Under Socialism"]

[Text] Belgrade—What allows the authorities to violate human rights? For socialist states have so many laws that they would seem to protect the innocent citizen from all quarters. When I framed the topic of our discussion in these terms, lawyer Sava Andzhelkovich proposed that we start with Caligula.

The incident is well known. After Caligula had firmly consolidated his power, he rode to the Senate on his favorite horse and declared it a senator. And the obedient venerable assembly submissively agreed.

"What does this illustrate?" Sava looked at me and asked.

[Correspondent] That he who has the most power is right!

[Andzhelkovich] And not only that, but also the lack of controls on power. And we, unfortunately, have fully adopted the principle of the "horse in the Senate" as a feature of socialism. One of the most perfect constitutions was the 1936 Soviet Constitution. And at the same time, it was reduced to naught by Vyshinskiy when he declared that the Constitution applied only to those who were committed to the people, the state, and the ideals of the revolution, and that it in no way extended to so-called antipeople elements. And so the question arises: Who has the right to decide if I am an antipeople element or not?! In those times, people quickly appeared who began declaring all nonconformists to be enemies of the state and the people. So not all proved equal before the law. And forgive me for the pointed comparison, but it was then that the "horse" entered the Senate, that the power monopoly of the "leading and guiding force of society"—the party—was proclaimed.

[Correspondent] Does a similar practice exist in your country?

[Andzhelkovich] It has existed and exists today. We have even gone further: We have adopted legislative acts that apply to a single person—the country's former President. The first sets regulations governing the use of Tito's name and image (1977), and the other deals with protecting the name, image, and work of Tito (1984). I recently spoke out publicly against these laws, as they have no legal right to exist.

[Correspondent] In what way are they detrimental to the ordinary citizen?

[Andzhelkovich] They can be used to convict any person who doesn't think the way he is told to. This amounts to

the enslavement of the most valuable thing that a free person has—his thoughts! And I will say more: These laws essentially protect not Tito—as a citizen, he is protected by the general laws—but the functionaries who have come to power; these laws protect their seats, their privileges, and their status.

[Correspondent] Your point is not entirely clear.

[Andzhelkovich] I am talking about an attempt to divide people into categories of a high and low order, to not only make them unequal before the law but also codify this by acts of state.

I will never forget the trial of a certain young man. He was convicted solely for having his own opinion. It's shameful to say, but his personal diaries, confiscated in a search, were used as evidence against him. Meanwhile, there are leaders who oppose the things Tito espoused not just in word but also in deed, and none of them have been tried.

[Correspondent] Today many people—people in your country as well—are trying to accuse the party of all manner of sins. But human rights and the violation of these rights—are these things directly linked with ideology?

[Andzhelkovich] Let me clarify: The culprit is not the party as such but those dishonest representatives of the party that have infiltrated the highest echelons of party administration. A small digression is needed here for clarity. Closed trials, denunciations, and camps were features not of your country alone. We didn't avoid all those things either. The memoirs of people who, for example, went through Goly Island, where political prisoners were held, differ little from what is said about the Stalinist camps. To convict and punish a person because he does not agree with you ideologically is utterly absurd from the standpoint of legality. Let any party judge its members as it sees fit, but why should it judge those who do not belong to it and who think differently? The worthy theses born of the revolution were subsequently supplanted in practice and transformed into their antitheses. Take the principle of democratic centralism. How good it would be if decisions on serious issues were taken by all, from top to bottom, and then carried all by everybody. That is a referendum! However, what actually happened? Decisions started being formulated at the top and then sent down.

[Correspondent] How did the legal profession come to be deprived of its voice?

[Andzhelkovich] First, the party's ruling clique became merged with the state—or, more precisely, became the authorities in the state. And naturally, it tried to provide legislative protection above all for itself, and from all quarters. Second, with its own organizations in the army, police, the courts, the procuracy, and the bar, the party exerted a direct effect on their work. And third, the enactment of a great many laws that were often ambiguous and not completely clear made the citizen utterly

defenseless and vulnerable. But the most serious "gain" was the fourth: People were transformed from individuals with specific names into the masses.

[Correspondent] The third point is not quite clear: Can a large number of laws really be harmful to society? There are indeed very many laws, statutes, and other acts in your country. I read somewhere that there is a law for every fourth Yugoslav. That's a lot, of course, but on the other hand, everything is clearly spelled out!

[Andzhelkovich] I see your comment as ironic. In reality, things are not spelled but muddled. All this is inaccessible to the understanding of the ordinary person who is far removed from the legal profession. Nor are they easy for the specialist. For example, we have the following practice: When a new law is promulgated, a seminar is convened, and intelligent people start explaining how its various provisions are to be interpreted.

[Correspondent] What's so bad about that?

[Andzhelkovich] Excuse me, but why should a law have to be explained? After all, it's a law, which should have just one meaning, just one interpretation. Meanwhile, anyone will tell you that we have many laws that can be interpreted in various ways. A judge can modify something at his own discretion (mood) or at the behest of "higher-ups." And there are some laws that were adopted just to be on the safe side, as it were. There is no particular need for them, but they apply to everyone. They may go unused for a time, but at the needed moment and against an objectionable person such laws go to work very rapidly.

[Correspondent] Is it that easy to bring charges against a person? For even our laws have articles that punish slander.

[Andzhelkovich] The institution of bringing charges in our state is no doubt very deficient. An accusation brought against a person seems not to be considered unlawful. At any rate, in my 20 years' experience as a lawyer, not once have I seen in the docket, say, a procurator who was being held legally accountable for a false charge against some citizen. But there are many examples of the other kind.

[Correspondent] I know that you, Sava, are the first and so far only Yugoslav lawyer who has filed suit against a procurator whose charges were never proven and proved to be fabricated. What was the outcome of that incident?

[Andzhelkovich] Yes, in Croatia last year, Yova Opachich, a member of the rural intelligentsia and a Serb by nationality, was charged with inciting national hatred. In reality, the man merely wanted to preserve his people's national culture. Fifteen lawyers from various parts of Yugoslavia voluntarily undertook to defend Opachich. To many, it was clear that he was being tried on trumped-up charges. Opachich was opposed by local officials, who have enormous power. The trial collapsed,

and I brought suit against the prosecutor. Nothing has happened yet, nor will it in the near future, I fear.

[Correspondent] Why?

[Andzhelkovich] The whole problem is that the authorities are all part of a single entity. In socialist countries, including Yugoslavia, the police, courts, and procuracy are in practice not separate; on the contrary, they cooperate. The good old rule of separation of the authorities, which holds that the lawgiver, the executive, and the "controller" (meaning oversight) should be completely independent of one another, has been forgotten. And in our country, in addition to all that, they also work under the wing of a single party. How in the world are they going to try one other!?

[Correspondent] Lawyers have "dropped out" of that system of oneness of the authorities. Or am I mistaken?

[Andzhelkovich] Not at all. Institutions of defense exist—in your country, for example, the collective lawyers associations serve this purpose. Our preference has been that each lawyer work individually. Of course, this is a big step toward independence. However, I have the feeling from my own experience that the defense lawyer still serves as a kind of decoration in our country. If someone has to be convicted by order from above or by desire of the court, few people are going to listen to the defense lawyer. This is the flip side of that oneness of the authorities! I cannot give any client of mine a firm promise that I will defend him and win the case, even if I am convinced of his innocence. I defended one citizen who had been charged with stealing 1,160 dinars for three years. Three years! And yet the amount involved was a mere trifle. In a face-saving move, the court ultimately handed down a compromise decision—with a probationary punishment. Meanwhile, you have probably read that we have leaders who caused enormous losses but have been the subject of no legal proceedings. They are from the very group who consider themselves citizens of a higher class. Can we speak of any sort of law-governed country here? The lawyer is very undesirable, he is a hindrance, he is always in the opposition, so to speak. Once I was even flatly told the following: "The court, as an aggravating circumstance, also took into consideration the conduct of the defense lawyer."

[Correspondent] Aren't we getting into particulars now?

[Andzhelkovich] Falsehood against one person is always falsehood against the entire society. It may seem that just one person suffers, but in fact everyone suffers: The bell never tolls for just one citizen.

[Correspondent] I agree. Nevertheless, the changes taking place in your country are so substantive that they can't help but have an impact on the legal sphere.

[Andzhelkovich] Yes, there are many changes, and if it weren't for them I wouldn't be speaking with you so freely. But there is inertia-bound thinking. A person whose thoughts were enslaved for so long ceases to trust

the state; he no longer believes that he can live in it in total safety, with the confidence that his rights will not be violated. It takes time. Many parties and unions have appeared in our country. The one-party monopoly on power is becoming a thing of the past, but a number of other problems are cropping up.

[Correspondent] What are you referring to?

[Andzhelkovich] Elections were held recently in the republic of Serbia. They were widely discussed and said to have been completely free. But what happened? Virtually the same people who had been at the helm before were elected. Why? Inertia-bound thinking? Perhaps, but that doesn't make things any better. I can say that not a single lawyer became a member of an administrative body, though some had been nominated. All the lawyers "fell through" in the candidate screening process. They were "not recommended." Yet even in the prewar period, there were no less than 17 lawyers in our state bodies. I say this not out of a sense that my own profession has been slighted, no. Something else is at stake. Until administrative bodies have in them people who, if only by the nature of their work, are in opposition to the authorities and to the monopoly to some extent, we're not going to get far. Human rights will continue to be violated. The newly pluralism, meanwhile, has yet to speak its piece. We must wait. And something else is important as well: Lawyers play almost no part in drafting laws. They are drawn up by old and tested cadres. But we know who picks these cadres and why they are so obedient! Have you wondered why, precisely at a time when there seems to be greater democracy and people are breathing more freely, societies committed to protecting human rights have started springing up all over?

[Correspondent] Probably because at times of transition, when many things are unclear, the ordinary citizen gets lost in the confusion [teryayetsya] and, as a result, becomes more vulnerable.

[Andzhelkovich] That's absolutely right! What is pluralism of parties? Nothing less than a power struggle. I wouldn't say that all the new leaders have good intentions. What we often see is elementary drive to satisfy one's own ambitions, a struggle to achieve group objectives, an effort to protect someone's personal interests. In such "muddy waters," who's worried about the average citizen?!

[Correspondent] But I've noticed that the leaders of newly formed parties in your country often speak in the name of these citizens, in the name of the people.

[Andzhelkovich] That's the problem. In my view, now is the time when the people need our professional help. You will agree that the legal and political culture of our country is not on a very high level. We make almost no use of such democratic methods as referendums, public no-confidence in elected officials, or period checks on the work of government bodies. Yes, at rallies our people demand and get the resignation of certain officials, but this should be done on a professional, regular, and legal basis. Not spontaneously.

[Correspondent] Are you trying to say, Sava, that lawyers will "save the world"?

[Andzhelkovich] I am. But with one correction. Not just lawyers but professional and honest legal specialists who can help the average person gain an understanding (and not a muddled picture, as used to be the case) of his rights. It is no doubt appropriate here to recall Cicero's famous words that we can become free only when we become slaves of the law.

Ideology Seen Hindering Cooperation on Third World*18120042A Moscow ASIA AND AFRICA TODAY
in English No 1, Jan-Feb 90 pp 2-5*

[Article by Anatoli Gromyko, corresponding member of the USSR Academy of Sciences: "East-West: From Rivalry to Cooperation in the Third World"; first paragraph boxed item]

[Text] On the threshold of the third millennium mankind seems to have opened a new chapter of its history which might turn out to be the last one—in case humans fail to avert the danger of nuclear holocaust and ecological self-destruction. But the chapter may also become a transition to an epoch during which mankind will develop into an association of equal peoples and states building their relations on the principles of consensus. This will be possible when all people start abiding by the laws of justice and morality. We all need, each one in his own way, to overcome the past; we should free international relations in elements contradicting the normal human ideas of good and evil. We all should strive to deliver the world from enmity, suspicion and distrust.

Deideologization of interstate relations is one of the first steps toward this end. Ideological incompatibility has long been regarded as an axiom of the time. In my view, the nuclear age makes ideological compatibility a must for all people.

An ideolog-dominated political thinking has become a mirror distorting the actions of the opposite sides. It distorts the picture of the world beyond recognition and is responsible for wrong assessments and decisions.

In conditions of ideological confrontation between East and West, their assistance to Third World countries turned, as a rule, into a tough rivalry between the two social systems: socialism and capitalism. This caused irreparable damage to the development of Third World countries.

New political thinking begins, in my view, with the recognition of the fact that a narrow national or class approach to security and development issues has no future. It also implies the impossibility, in the nuclear age, of ensuring a nation's security at the expense of other countries.

No doubt, we live in a contradictory and at the same time interdependent, interconnected and integral world. The integrity is determined by the common destiny of all states and peoples, all humans inhabiting our small planet, which, due to the scientific and technological progress, is "shrinking" all the time. The common destiny is linked with the problem of mankind's survival. Common sense dictates that the survival of the human race will depend on our ability to switch over from confrontation to cooperation.

Today, we must actively seek ways of organizing international life on the principles of justice and reason. This is

not just rhetoric, but a vital imperative of modern time. This way of organizing international life implies a non-violent and nuclear-free world providing for a balance of interests of all countries. The right to a free choice in such a world must be combined with tolerance toward the choice of others, the defence of one's interests with the recognition and support of the legitimate interests of other countries and peoples. The world community will gradually renounce the tradition of power policies.

The survival of mankind, as it becomes ever more evident, is linked with such global problems as elimination of backwardness and poverty, hunger and disease, illiteracy and other obstacles to the development of Third World countries.

Of special concern is the situation in Africa which has already become a disaster continent. The life conditions of tens and hundreds of millions of people in Africa, a kind of "fourth world," have become not only inadmissible but also dangerous for civilization.

Today hunger is the lot of no less than 100 million Africans, while almost a third of the 600-million-strong population of the continent is undernourished. Today, Africa's self-reliance in food is at a low level. Besides, in recent years the continent has experienced frequent droughts and devastating locust attacks on crop fields. The desert is advancing on the savanna and tropical forest, annually depriving people of thousands of square miles of land. In the heart of the continent, far away from the Sahara and the Kalahari, new areas of desert are appearing.

Africa is undergoing a population explosion. Given the archaic forms of land-tilling and cattle-breeding, people's demands continue to exceed the admissible biological load on local ecosystems. The ecological crisis in Africa is of a relatively recent origin but it has already assumed a frightening scale and knows no state boundaries. The paradox of the situation is that while the whole world is threatened by ecological consequences of industrialization, Africa has become their victim on the threshold of industrialization.

An ecological crisis in Africa is taking place as a result of natural calamities, intensification of traditional ways of economy and, to a lesser degree, as a consequence of industrial development. The impact of growing activities on the environment involves not only rapacious destruction of the tropical bush and forests but also the use of ecologically dirty technologies. As a result, environmental pollution per unit of production is 50 or 100 per cent higher in Africa than in the industrialized countries. At the same time, the capacity of the atmosphere here to "process" the pollutants is three times lower than in the countries with a moderate climate. Further delay in the fight against environmental degradation on the African continent is inadmissible. Even today the situation is slipping beyond control. To halt the degradation collective efforts of the international community are needed, supported by scientific research into the ongoing processes.

Bringing Africa back to normal ecologically seems a formidable task. "Efforts to protect the environment should not obstruct development," maintain Africans. This can be understood. Economic backwardness and low rates industrial growth stand in the way to the solution of many problems.

An economic crisis in Africa is manifested by the sharply rising foreign debts which soared from \$11 billion in 1970 to \$230 billion in 1988 making up three-fifths of the continent's GNP. Developing Africa is obliged to spend about half of its export revenues to service its foreign debts. The continued siphoning of many billions of dollars from the continent's economy undermines the capacity to create better living standards for Africans. Financial shortages have an adverse effect on medical care and education. Against the background of general economic depression many African countries show increased social tension and political instability.

One of the reasons for the present-day difficult situation on the continent is considerable spending of Africa's scanty resources on the import of weapons. According to some estimates, African states allocate for military purposes six times more money than they spend on public health and twice the sum they spend on education. Over the past two decades their share in the world arms spending went up from 0.4 to 3.8 per cent. According to the estimates of the Institute of Africa under the USSR Academy of Sciences from 1976 to 1987 African countries spent for these purposes about \$140 billion, or the equivalent of two-thirds of their combined foreign debt.

What does this mean? I believe, Africa is fast becoming a disaster area. It will be possible to break this dangerous trend only through the joint efforts of developed and developing countries. Africa's disastrous situation concerns the interests of all states and peoples of the world; it is a challenge to our ability to act jointly.

The industrialized countries' moral responsibility is especially great. And not only on account of the gap in the development between them and the majority of African countries, a gap that widens with every passing year. And even not so much because former colonial powers bear a certain share of historical responsibility for the crisis in Africa and that it is time to settle accounts. In my view, the main problem is that Africa has become the ground for a "tug of war" between East and West.

Boasting a great economic and military potential, the developed countries have repeatedly exerted substantial influence on the course of regional conflicts, on the processes taking place on the continent. The views and actions by the East and West have often been guided by class bias, born of ideological tenets and stereotypes.

Of course, not every contradiction and problem of Africa is rooted in the East-West rivalry. However, it is obvious that this rivalry has, on the whole, made an adverse impact on the development of many African countries, if only because it precluded international cooperation in Africa between, say, the United States and the Soviet Union.

East and West, by joint efforts, will be able to do a great deal to change the situation for the better on the African continent. But to join efforts it is necessary to learn to look at the world without ideological blinders and recognize the right of various African countries to choose their own ways of development.

A deideologized world view opens wide prospects for East-West cooperation. There are all the necessary prerequisites for that. It has long been proclaimed at the Institute of Africa under the USSR Academy of Sciences that the African continent is not a zone of vital interests for the Soviet Union and other countries of the socialist community.

At the same time, as far as the mankind's survival is concerned, Africa is a zone of vital interests for the whole world. Therefore, it is in the interest of the majority of the industrialized countries and African states that relations of rivalry in the region be transformed into mutually advantageous cooperation.

A gradual demilitarization of the continent and settlement of all regional conflicts could be the first step toward a stably developing Africa. In the long run, when the task of ensuring security of African states has been solved by political means, a full embargo on arms deliveries to Africa could become a lever for putting a permanent end to military conflicts on the continent.

It is absolutely clear that the way to a violence-free order in Africa, as well as in other parts of the world, will not be easy. It will require more energetic and joint African and international efforts.

Now that new political thinking has become part and parcel of world politics, there is the real possibility of not only settling conflicts, but of demilitarizing the African continent step by step.

One of the key goals in East-West cooperation, aimed at African development, should be the elaboration and realization of measures, agreed with debtor-countries, on settling the foreign debt issue.

A basis for seeking a consensus in this problem can be provided by Soviet proposals put forward by Mikhail Gorbachev in his speech at the UN on December 7, 1988. The Soviet Union proposed to recognize that the accumulated debt of the developing countries can neither be paid back nor exacted on the original conditions. The USSR expressed readiness to establish a long-term (up to 100 years) moratorium in the repayment of foreign debts for the least developed countries, and in a number of cases to completely write off the debts. Besides, the Soviet Union proposed that the international community consider the question of limiting the repayment of foreign debts by other developing countries, depending on the economic indices of each of them or declaring a long-term deferment of a substantial portion of payment. As a practical step in this direction, the Soviet Union announced that it was writing off the debts of 22 developing countries, most of them African.

The total debt of these countries makes up 15 per cent of the entire sum owed by developing countries to the Soviet Union.

International Year of Literacy

Some 162 million people in Africa can neither read nor write, Mr. Mapuranga, Deputy General Secretary of the Organization of African Unity, said in Addis Ababa. To end such an unpalatable situation, he said, OAU member-states should take an active part in the activities of the International Year of Literacy to be marked in 1990 upon UN decision.

Regrettably, numerous hitherto adopted programmes of action and projects of revitalizing the economy have hardly yielded any tangible results. The plight of Africa continues to deteriorate. The population explosion, degrading environment, hunger and disease, political instability and social tensions are bringing to naught the attempts of the rest of the world to help Africans. On the whole, the economic and technological aid to Africa from the industrialized countries can be regarded unsuccessful in its results and consequences. Some separate positive examples do not change the overall negative picture.

The scale of trade and economic relations between the Soviet Union and African countries is not, in my opinion, in keeping with the economic potentials and needs of the sides. Typical of these relations are a narrow commodity structure of bilateral trade and a lack of dynamism in the development of economic and scientific-technological cooperation.

The Soviet Union maintains meaningful economic relations with several African countries: Egypt, Libya, Algeria, Morocco, Nigeria, Ethiopia, Guinea, Angola, Mozambique, Madagascar. These countries account for over 90 per cent of Soviet trade with Africa. While assisting them the Soviet Union pays insufficient attention to agriculture, though it is a vital branch of African economy. Until recently our cooperation mainly focused

on major projects that take a long time to accomplish and pay off. Small and medium enterprises, cementing the economy and quick in bringing returns, most often remained outside the interest of Soviet organizations. Cooperation was mainly maintained with the state sector of the economy. The structure of assistance, as well as forms and methods of cooperation, used by Soviet organizations, often overlooked the real needs and changes on the African market.

The Western countries' assistance to Africa has not always been effective either, especially in recent years. Due to the worsening financial situation in African countries, the financial aid rendered by the West has most frequently been used to repay previous credits. Obviously, such assistance could have been more effective if it had been used to build highly profitable enterprises with a short period of payoff. This point is brought home by the Egyptian newspaper SAUT AL ARAB, which reported that in 1975-1986 the USA, having granted Egypt credits to the tune of \$22 billion, had not built a single industrial enterprise in that country. On the whole, the economic policy is meant to support international financial stability and quite often contradicts the policy of development pursued by African countries. The latter are interested in the growth of productive forces and would prefer non-stable development to stable backwardness.

It is in everyone's interest to solve the problem of Africa's survival. Finding a way out of the economic crisis for this continent must be put at par with the problems of disarmament and environment protection. That is why I think it is incumbent on Africanologists in all countries to mobilize world public opinion for the solution of this problem. What we need in the first place are not flights to Mars but "flights to Earth," including those to Africa. There is no higher duty for us than to work out a comprehensive system of concrete scientific and practical measures capable of halting Africa's slide towards catastrophe.

COPYRIGHT: Asia and Africa Today, No 1, 1990

Progress of Joint Ventures Assessed

90UI0322A Moscow *EKONOMIKA I ZHIZN* in
Russian No 4, Jan 90 p 21

[Article by S. Yevstratov: "Joint Ventures Take Off"; first paragraph is *EKONOMIKA I ZHIZN* introduction]

[Text] Three years ago, in January 1987, government documents published in the USSR provided opportunities for the formation of joint ventures on the territory of our country with the participation of foreign firms. This was done in pursuit of several goals. They included the fuller satisfaction of national needs for certain types of products, the attraction of progressive foreign equipment and technology, managerial experience, and material and financial resources into our national economy, the development of exports, and the reduction of untenable imports.

In all, 1,274 enterprises of this kind had been registered as of 1 January 1990. Around 90 percent were organized with participation by capitalist firms. The combined capital assets of all joint ventures amounted to 3.3 billion rubles. The contribution of foreign partners in the form of modern equipment, technology, and currency totaled 1.4 billion rubles. The number of new ventures gradually increased—from an average of 1.9 a month in 1987 to 14 in 1988 and 90 in 1989.

According to the data of the USSR State Committee for Statistics, in the first three quarters of 1989, 184 of the enterprises which had begun operations produced and sold various goods and services worth 604.9 million rubles, including 70.4 million rubles' worth of exported goods and services. Half of the products sold in the USSR were consumer goods. The products of several joint ventures are unique in our country. The Soviet-Swiss Dialis enterprise, for example, manufactures cancer diagnosis compounds which had to be imported in the past.

In general, the organization of modern joint ventures conserves social labor. In particular, average productivity at industrial joint ventures surpassed productivity at similar state enterprises in 1989, and the figure was five times as high as the average in lumber production at the Soviet-Japanese Igirma-Tairiku enterprise.

Many joint ventures, most of which were established just recently, are still in the formative stage and are still studying and analyzing the market. This is one of the reasons why they are still not having a positive effect on the country's negative balance of payments and why their export structure is inefficient. In the first three quarters of 1989 the joint ventures' payments for imported goods and services exceeded their export income by 187.2 million rubles. On the average, each enterprise exported goods and services worth around a million rubles in foreign currency. Exports represented 11.6 percent of the value of the products they sold. The predominant items in the export structure in the first half of 1989 were foodstuffs (mainly sea food exported to

Japan)—52.5 percent—and crude resources and materials—37.4 percent, whereas machines and equipment represented only 4.6 percent.

Geography and Structure

Although virtually all parts of the country are participating to some extent in international investment cooperation, the geographical distribution of joint ventures is extremely uneven. The presence of a comparatively developed infrastructure and adequate personnel in only a limited number of economic centers in our country has led to the formation of joint ventures primarily in these centers. Around half of all the ventures are concentrated in Moscow, and there are many in the Baltic republics and Leningrad.

The additional tax and monetary benefits for joint ventures in the Far Eastern economic region, and within the free enterprise zones in the future, will probably result in a more balanced distribution of joint ventures.

Their development, however, has not always been a smooth and consistent process. In particular, it has been affected adversely by the inflexibility of the economic mechanism and by the incomplete economic reform. New problems crop up regularly and must be solved.

On the other hand, there is the caution many Western partners display when the discussion turns to large capital investments in our country, particularly in the processing branches of industry. The reasons are well-known: the continuation of the direct and indirect CoCom [Coordinating Committee for Multilateral Export Control] restrictions on the "free enterprise" of Western firms in the USSR and other socialist countries and the alienation of Western business as a result of the many years the Soviet economy was closed to the world market.

As a result, few joint ventures have been formed as yet in machine building and the agroindustrial complex. Joint ventures in machine building represent only 4.9 percent of the total number established in our country, and those in the agroindustrial complex represent only 4.4 percent.

Most of the joint ventures are being formed in trade, tourism, and light industry—32.5 percent—and also in engineering, research and development, and consulting and agent services—29.9 percent.

Of course, this situation is also largely due to the difficulties our country is experiencing at the present time. In the absence of a developed wholesale market and in the presence of a trade deficit and a non-convertible ruble, foreign partners want to establish enterprises primarily in the branches with low crude resource and material requirements. In order to achieve currency self-sufficiency, many enterprises have begun buying up various goods and raw materials on the domestic market, with plans for their subsequent export, instead of expanding their production operations. In this connection, it would probably be best to use the tax and

customs privileges established by law more actively to encourage the establishment of production enterprises in priority fields.

This is probably why the number of new small enterprises has increased recently. The average amount of capital assets per enterprise decreased from 6.7 million rubles in 1987 to under 3 million in 1989. Now 60 percent of all enterprises have capital assets of less than a million rubles. In the fear of economic and political risks, most foreign investors are avoiding large capital investments (the average investment by foreign partners decreased from 2.4 million rubles in 1987 to under 1 million in 1989) and are striving to recoup investments with short-term speculative transactions (sometimes within 1-1.5 years). Our still flawed economic mechanism, on the other hand, gives big capital with advanced technology no chance to maneuver production to adapt to changes. As a result, it frequently refrains from cooperation or agrees to it only in exchange for substantial immediate advantages.

Shortage of Strict Standards

The undiscerning choice of foreign partners by Soviet participants in joint ventures contributed to the growth of the number of non-viable ventures with participation by foreign firms with a questionable reputation. The latter frequently formed joint ventures with symbolic investments (under 2,500 rubles), sometimes exclusively for the purpose of increasing their own exports to the Soviet Union with the credit extended to the joint venture on the collateral of the Soviet founders. The first liquidation of a joint venture was recorded in 1989, and there were several concealed liquidations—taking the form of the replacement of the foreign partner. To counteract these tendencies, the expediency of legal standards setting the minimum capital assets of a joint venture (200,000 rubles, for example) and minimum investment by the foreign partner (100,000 rubles) is being investigated at this time. Since August 1989 the USSR Ministry of Finance has required the submission of information about the legal and financial status of foreign partners for the registration of joint ventures.

The attempts to extend the period for the formation of enterprise capital assets have aroused serious concern. Actual investments have differed substantially from the figures cited in articles of incorporation. A sample audit of 30 joint ventures revealed, for example, a discrepancy of 26 percent. This delays the attraction of foreign investments and gives rise to fictitious enterprises. For this reason, a legally defined deadline for the formation of capital assets is also being considered at this time.

The prevention of the secret transfer of joint venture income abroad, to the detriment of the Soviet side, is also important. As we know, transnational companies usually use three basic methods for covert transfers of the income of their overseas branches and subsidiaries: by overstating the prices of sold products and understating the prices of purchased ones, by overstating

license fees for transferred technology, and by overstating the interest rate on credit. A survey of several joint ventures in the USSR revealed that the prices of equipment purchased from the foreign partner were overstated by 40 percent in comparison with the prices in trade between independent contractors.

In view of all this, a decision was made in March 1989 in the USSR on the possibility of suspending the operations of participants in foreign economic transactions in cases of unscrupulous competition and in cases in which these operations jeopardized state interests, particularly in cases involving the export of goods from the USSR at unjustifiably low prices or imports at excessively high prices and the repeated export or import of inferior goods.

The low legal standards of partners have recently led to frequent violations of the law by joint ventures, particularly the export or import of crude resources and materials without the authorization of the USSR Ministry of Foreign Economic Relations and customs agencies and in the sphere of transactions in foreign currency. The press has reported the involvement of joint ventures in currency speculation. These and other negative practices corroborate the need for the further improvement of the economic mechanism, the legal regulation of foreign capital investment, and the institution of effective control over the operations of joint ventures.

Application of Joint Venture Laws Examined

90U10329A Moscow

MATERIALNO-TEKHNICHESKOYE

SNABZHENIYE in Russian No 12, Dec 89 pp 20-25

[Article by Ye. Spiridonov: "Barriers to Compatibility: What Is Impeding the Development of Mixed Ventures"]

[Text] The door for an influx of foreign investments in our economy was, as we know, opened slightly by the resolutions of the USSR Council of Ministers passed in January 1987 on the creation of joint ventures on the territory of the USSR and on their activities with involvement of Soviet organizations and firms of socialist, capitalist, and developing countries. But in December 1988, when by decree of the government import and export operations were authorized to be accomplished by all enterprises, the door, it can be said, was flung wide open. Nevertheless, 3 years later, the USSR Ministry of Finance has registered only 700 mixed firms, only 30 percent of which have begun operation. Their portion in the country's national revenue does not exceed 0.02 percent.

New forms of foreign economic cooperation have also been reflected in the activities of the USSR Gosplan agencies. A program adopted in June 1987 called for planned to implement 23 joint venture projects by the end of this 5-year plan. However, as was noted at the collegium of the USSR Gosplan held in September of this year, which analyzed for the first time the activities of joint production

facilities, establishing documents have been signed for only 18 ventures. So far, 14 have been registered, and only 7 are in operation.

Why haven't foreign investors taken advantage of the broad gesture by the Soviet side and justified the initial prospects for a business partnership? Can it be that the companies are putting forth one-sided terms for the proposal on cooperation? Or, vice versa, is it that we cannot ensure successful, from their point of view, activities of mixed production facilities?

A report prepared by the summary department of the USSR Gosnab and a speech by its deputy chief, V. Naumik, gave reasons for the failed "engagements" with certain foreign enterprises. First of all, as often happens, our self-assurance was let down. It seemed all we had to do was make a proposal, and no firm would be able to resist the temptation to scrape together capital to process our raw materials. The main thing was that it would cost nothing to use ordered technology to produce products conforming to world standards and then sell them for currency to skilled foreign businessmen. However, the Western businessmen put forth as a first condition of the "marriage" contract precisely a restriction of sales on foreign markets they have opened up, for they do now want joint ventures to be additional competitors in these markets. It is precisely as a result of the refusal to sell on the world market the volume of products necessary for currency cost recovery of general production that there was a spat with the firms "Rua Papel" (Spain), "EKA" (Finland), "High Chadwig" (England), which are involved in the processing of secondary raw materials, and the Japanese enterprise "Marunaga Peking", which manufactures shipping containers.

For this same reason, we have been unable to find a common language with a number of foreign firms that we would like to attract as partners in manufacturing equipment for processing secondary raw materials, warehouse systems, and computer technology.

There is no love in commerce. And no matter how great the sympathy toward one or another partner, when concluding a contract it is necessary to weigh carefully all the "pros" and "cons" so the state does not end up losing. A joint venture with China to produce personal computers did not go through precisely because the workers of the Krasnoyarskglavsnab [Krasnoyarsk Main Supply Administration], one of the founders of the joint venture, ignored this rule. They decided to assemble the computers from parts made in China and sell the entire output on the domestic market. But if there is no currency, what would the foreign partner receive as the share of the profit owed to him?

Being unable to pay for the joint venture products, the Krasnoyarsk people offered lumber, non-ferrous metals, chemical, and fertilizers instead of hard currency. And they did not take into account the fact that current legislation does not permit compensating the expenses of a foreign investor with products that are not "one's

own." You see, in this case, the Krasnoyarsk people simply decided to sell the scarce raw materials for currency. All their participation in the joint production of computer technology comes down essentially to use of manpower.

If the founders of a joint venture plan to engage in production and not trade activities, they must have the necessary status for this—a venture for wholesale trade in industrial-engineering products. For example, this form of foreign economic cooperation is provided for by the agreement between the USSR Gosnab and the Central Union of Wholesale Trade of Finland, the Japanese firm "Nisse Iwai," and also the National Wholesale Trade Federation of France.

Joint trade ventures will help to increase the effectiveness of material support through barter operations and efficient purchases and sales of batches of industrial-engineering products. Their participation in the development and introduction of projects to organize flows of freight traffic, taking into account regional peculiarities, and the training of specialists of USSR Gosnab territorial agencies in the field of marketing is envisioned.

However, the road for such ventures is still covered by a barrier regulating foreign economic ties. The ban on intermediary activities of industrial enterprises, unfortunately, still extends to material and technical supply agencies essentially performing the function of a wholesaler. In connection with the fact that the USSR Gosnab is persistently seeking the right for itself to issue to territorial agencies licenses for foreign trade, there is also hope to see light on the path of joint intermediary activities.

The development of mixed ventures requires currency investments, and not only on the part of the foreign partner. Many firms agree to organize a joint venture only if the Soviet partner contributes its share in currency. Therefore, the USSR Gosnab must earn currency. All the more so, V. Naumik informed the collegium, since such a possibility exists. Terms have been agreed upon with the USSR Ministry of Finance, the USSR Bank for Foreign Economic Activity, and the USSR Ministry of Foreign Economic Relations, on which territorial agencies are granted the right to purchase imported equipment and sell it for currency to Soviet consumers through small-scale wholesale stores or rent it out. Enterprises have almost 2 billion in available foreign-currency funds in accounts in the USSR Bank for Foreign Economic Activity, and it would be strange if USSR Gosnab agencies, being given access to the world market, did not help them sell with a profit for themselves as well.

This, so to speak, is the background of the rapprochement with the Western economy. One can get an idea of the internal contradictions of this convergence in joint ventures by becoming familiar with the activities of a joint venture created by the Moscow Nonwoven Materials Production Enterprise of the Moscow City Main

Supply Administration together with the Hungarian firm "Temafor" which accomplishes production, intermediary, and barter transactions. The general director heading the joint Soviet-Hungarian venture "Sovventekstil", Aleksey Georgiyevich Slavkov, told the collegium about the difficulties the collective encountered embarking on the unexplored path. They become more tangible when you become familiar with the problems of the merging of capital locally in the production environment. This is especially so if you compare the intentions not only with the initial results, but also with the future.

So, here is one of the seven joint ventures which it has been possible to create in the USSR Gosplan system in 3 years.

THE HUNGARIAN SIDE. The founder, the firm "Temafor", is by out standard an average enterprise employing about 1,000 workers. It began its activities, like our factories for processing secondary raw materials of the USSR Gosplan, in the system of Hungary's State Committee for Materials and Prices. It earned capital through by supplying nonwoven materials to the world market and began to multiply it not only through production activities, but also commercial activities. Therefore, when the committee was eliminated, the firm was able to maintain its status as an economically independent enterprise.

Today it is a reputable production facility with a high level of technology. The use of Japanese, West German, Austrian, and Polish equipment has made it possible to expand the product assortment. Besides nonwoven materials, they manufacture yarn, original polymer products, and, in particular, foam latex mattresses, which are highly profitable.

THE SOVIET SIDE. The founder, the Moscow Production Enterprise of the Moscow City Main Supply Administration, is one of numerous industrial enterprises in the USSR Gosplan system producing cardboard, paper, and nonwoven materials. It uses waste from textile and sewing enterprises and raw materials collected from the population to make an insulating base for floor covering and darning, a bed used in road and transportation construction. The fiber recovered from wool cuttings is used as an additive in fabric production.

So as not to dwell at great length with respect to product quality, I will say that there was not even any thought of supplying the world market. Domestic plants produce equipment with mechanical lap formation for nonwoven materials enterprises, while the world market is flooded with machines operating on the aerodynamic principle, the use of which makes it possible to use shorter fibers as raw material and to expand the product mix.

The capital's manufacturers of nonwoven materials saw the "Temafor" firm as a partner which, having far-flung trade ties, would help them supply their production facilities with equipment to produce world-class products. And this thought served as the main motive in concluding an alliance. The "Temafor" firm figured

that if it were to receive 20 percent of competitive Soviet-made nonwoven material, it would more than cover its expenses. It was on this basis that they came together.

THE TOTAL VALUE of the Soviet-Hungarian venture is estimated at 7.2 million rubles: 4.8 million rubles, or 67 percent, of the assets are the Soviet share; the remaining 33 percent is investments of the "Temafor" firm. Capital in the amount of 2.4 million rubles is represented, so to speak, in material and physical assets and personnel. This includes the Austrian- and Polish-made "Befamo" line equipped with heat-stabilizing head and carding apparatus, costing 1.7 million rubles, three "Videoton" computers, and laboratory equipment. Part of the funds went to planning technical modernization of old production. They also trained Soviet personnel and subsidized us with two trained specialists: Ferints Getsi and Pasteri Yezhi. One now works as first deputy general director for commerce and product quality, and the other as chief of production.

Of course, the sides approached the joining with their eyes open according to the principle of "What will be, will be." During the long period of cooperation between the USSR Gosplan and the former Hungarian State Committee for Materials and Prices, they had time to size one another up and understand what each could gain from the joint venture. Therefore, when they shook hands on it, they did not grope their way along, but acted as the interests of the matter required. The joint venture was registered on 11 December 1987. On 1 July 1988 it began operating. By the beginning of this year it had already reached design capacity. You would agree that with the squeezing out of production facilities which we have observed to date, these time periods of creating new capacities are truly record times. And it was not "imported" specialists who developed modern production according to all international standards, but our same workers who are also guilty of taking so long. In this case, people simply realized that it was not a matter of the planned commissioning of another capacity, which had little to do with them, but the creation of a production facility which would feed them. Therefore, no one had to be urged on. The complicated set of equipment was shipped from Hungary, set up, and test-run in all the production modes in only 3 months. They themselves developed new modifications of materials, including for export. With their production, the purchase of old similar imported products was reduced. In particular, geotextiles, the use of which in ballasting pipelines in an oil and gas complex eliminates the need to bring in to remote areas a large amount of reinforced concrete overloads. When it is used in road construction, especially for roadbeds up to 10 meters wide, it provides a savings of over 50,000 rubles per kilometer.

The workers of the Soviet-Hungarian venture themselves also are not losing by saving the country currency. The foreign investor receives 20 percent of the products meeting international standards and disposes of them at his own discretion, since, as we know, state bodies of the

USSR do not set plan quotas for the joint venture and do not regulate the sale of its products. Our side also takes full advantage of this independence. It concludes direct contracts with consumers both within the USSR and abroad. The joint venture proves its competence as a partner by the high quality of products, the willingness to take into account the consumer's desires in forming an order, and the availability of its currency reserves.

Of course, the concept of operation of the joint venture would not be complete if we did not talk about its technical and economic indicators. What have the partners amassed in the 1 1/2 years of joint life? The volume of production has increased 45 percent, and profits have increased by a factor of 1.5. Return on investment, which continues to decrease in industry, has increased here by 6.7 percent.

Everyone is probably interested in what the wages are. Of course, people are not going to go all out to receive less. Wages have increased by a factor of 1.5. Pieceworkers at the "foreign" enterprise earn 350-380 rubles monthly. Therefore, there is no shortage of those who wish to take their place.

If you measure the operation of this joint venture by criteria of domestic consumption, there supposedly are no fears for its economic health. But that is just the point, we must approach the assessment of the activity of a joint venture, in whose "veins" foreign capital flows, with international standards.

Indeed, why did we need a transplantation of Western technology? We needed it to raise the technological level of products and to bring them to the world market. We will ruin the country once and for all if we sell primordial raw materials abroad and import products made from them. We can earn much more of the currency needed to improve the economy if we export products with a high degree of processing and the fruits of intellectual and not physical labor. The workers of the "Sovventekstil" venture have become convinced of this based on their own experience. Having obtained Western technology, they began to produce superior products and to supply them not only to Hungary but also to capitalist countries.

But we should not delude ourselves with the fact that "Sovventekstil" is already secure in the world market of nonwoven materials. As was already stated, industrial textile production technology abroad is way out in front. And to keep from losing ground, we must continually maintain a world level of labor costs for product output. But you will not achieve this even with the most advanced technology if it is not reinforced by a progressive organization of labor and management, and also by currency revenues for continuous modernization of production.

Whereas we have managed to transplant the technological innovations of the Western economy here without a separation reaction, we have not yet managed to ensure the necessary environment for economic new growth. Just take supplying raw materials. The joint venture has

no state order, so under our procedures there is no guaranteed material supply. It must obtain everything it needs for producing product through direct ties. But to do this it is necessary to have an industrial-production product market in order to purchase what is needed. "Sovventekstil" operates, for example, on chemical fiber waste that is generated at enterprises of light industry. Before, this waste was collected by production and procurement enterprises of the USSR Gosplan, and there were no problems. But now this secondary raw material is being utilized by the chemical fiber plants themselves, and the USSR Gosplan distributes it as a finished product by funds. As a result, "Sovventekstil" has not confirmed deliveries of 800 tons of raw materials for next year. One would think that the USSR Gosplan would be absolutely all-powerful in this situation, but it cannot come to the rescue of its own enterprise.

But you see, "Sovventekstil" does not produce floor mats, although they are also in short supply. It saves the country currency on purchases of materials and equipment for those sectors that consume its products. And it has a right not only to count on the waste, but also on conditioned viscose fibers. We should not be naive: you do not make something good out of poor raw materials. For example, "Sovventekstil" took on a most critical mission—to set up in the country production of filtering fabric for ecology systems. In short, to shift from appeals to fight for cleanliness of the environment to its technological protection. The first industrial batch of materials has been made cleaning liquids, waste gases, stagnant water, individual protection of the respiratory organs, household odor absorbers, and heat-reflecting coverings. They are also being used as absorbents in treating burns.

In order to keep from purchasing this extremely important material for currency, it is necessary to have 220 tons of chemical fibers from the enterprise's allowance of the USSR Ministry of Light Industry. But the USSR Gosplan, as we can see, is not lifting a hand to restrict the ministry out of fear of offending the sector that provides us with shoes and clothing. Apparently, a person is totally indifferent as to what kind of air he breathes and what kind of water he drinks. Or is the USSR Gosplan waiting for the textile workers themselves assimilate the technology of producing ecological materials?

They are not planning to do this and are willing to sell their products to A. Slavkov for currency. The lion's share of what they earn is taken away as deductions by the USSR Bank for Foreign Economic Activity. So, even for foreign-currency rubles there is no reason for them to allocate fibers or their waste to the joint enterprise. The suppliers are asking for imported consumer goods in exchange. But in the existing situation, A. Slavkov can acquire them for currency only for his enterprise.

In general, wherever you look there is a wedge. Even if there were a lot of raw materials available for sale, it would still be difficult to make the products of "Sovventekstil" competitive with world market prices. Our

prices for secondary raw materials for producing non-woven materials are higher than in the West, and they do not tally with the relatively inexpensive products being offered on the saturated world market. After all, the joint venture is operating under conditions of currency cost recovery.

A. Slavkov believes that the joint venture is a prototype of the future of socialist production that must be protected and cultivated in every way possible. That is, we must look at our old procedures from the direction of those whose technology we are implanting. For the time being it is being assimilated and dissolved in our home-made sauce. That is to say, it is acquiring an expression of the factors predominant in our economy. Foreign specialists working side by side with our servicing personnel are shocked, for example, by the calmness with which we accept the most flagrant violations of production routines. They also cannot at all understand why a trade union organization considers a "fellow" so dear who does not bind a slouch at the work place.

The procedure of joint venture activities, defined by the above-mentioned resolutions of the USSR Council of Ministers, leaves no doubts as to what kind of business atmosphere should reign in its shops. The wage, working, and rest conditions, it states there, are regulated by norms of Soviet legislation. Of course, it is commendable that our government is so persistently protecting our workers from the strong claws of foreign capital. But, unfortunately, so far not enough has been done so that joint production, guided by the established regulations, can support the organization of labor being set by the borrowed technology and not be slip down to an ordinary enterprise. Finally, we must make it clear what we are planning to do by opening the avenues for an influx of foreign capital. Do we plan to continue to bury it now on our territory or still, having caught up with the rest, bring out to the world market at least the vanguard of our economy?

Only a Law on Joint Ventures can remove all the illusions on this account so that the new economic formations develop, submitting to its internal logic dictated by the world market. Such a law will also determine the status of the trade union organization which could make it possible to realize all the best that comes from the coexistence of two economies. "We cannot," says A. Slavkov, "manage production in unison. In a Western firm, the decision of the administration and even the word is accepted unconditionally by personnel. But in our country, bureaucratic quirks, evasions, and reference to all sorts of extenuating circumstances begin in response to an order by management."

Indeed, if the founders and the collective have entrusted the joint administration with the reins of government, it should boldly, without looking back, implement the principles of efficient operation. After beginning to work with us, many firms reject cooperation, convinced that they are not ensured the level of management necessary for maximum output from the equipment in which they have invested their capital.

The general director showed the latest resolution of the All-Union Central Council of Trade Unions on the work of trade union at joint enterprises located in the USSR, adopted on 4 August 1989. One would think that it would reflect the objective requirements of boosting the economy through cooperation with Western firms. But after reading it carefully, you come to the conclusion that goals given the trade unions orient them not to be embarrassed by the presence of foreign capital and specialists at the enterprise, but to continue to work in an all-forgiving expense mode.

The question of mixed ownership remains open. How can that be, the reader will say, since the assets are in complete possession of the founders of the joint venture? And they divide the profits in proportion to the invested capital. This is all true. But it is a question of the venture itself still not having ownership. All personnel, including the administration, are hired to operate the means of production provided by the founders. And they can say at any time that the term specified by the contract is over, and everyone is released. There is no legal protection.

This protection will come about if the collective, besides the fact that it receives deductions for the development of production, social programs, and material incentives by decision of the council of the enterprise, has its own share of profits on a par with the founders and can dispose of it itself. The enterprise will have a proprietor that is working, interested, and sovereign. He also would invest his own capital in stocks. For example, the founders planned that the installed equipment would pay for itself in 5 years. The collective, having spent its own funds, returned this cost in 4 years, and party of the additional profit would go to the collective.

For the time being, "Sovventekstil" is not paying the state. But in the next 5-year plan there will be a 30-percent deduction for the budget. If the founders want to keep their share, what is left for the venture to do? We must make it so the collective is interested in modernizing production as quickly as possible. Only then will the overall profit norm not drop when the state enters into the share.

Again we return to the need for a Law on Joint Venture which will give an interpretation of mixed ownership. One cannot help but see that the problems of joint productions are coming into contact with the difficulties of development which are talked about today at state enterprises, in lease collectives, in cooperatives, and on peasant farms. The internal obstacle in each of us that hampers self-efficiency in labor will be removed if we finally sense the magnet of ownership, become aware of the freedom of market relations, and are filled with the responsibility of a law-governed economy.

COPYRIGHT: Izdatelstvo "Ekonomika". "Materialno-tekhnicheskoye snabzheniye", 1989

Official Defends Bank for Foreign Economic Activity

90UI0334A Moscow PRAVITELSTVENNY VESTNIK
in Russian No 4, Jan 90 p 9

[Interview with T. I. Alibegov, first deputy chairman of the USSR Bank for Foreign Economic Activity governing board, conducted by Yu. Popov: "Currency for Perestroika"]

[Text] Currency... This concept which was formerly an abstraction for most people is today ever more persistently entering into our everyday economic life. The birth of joint enterprises and the right to enter the foreign market which has been granted to all organizations evoke a need for financing deals, obtaining credit, and conducting other operations. Under these conditions, the role of banks is also changing. Previously, foreign economic ties were implemented through the state by means of foreign trade associations, which numbered slightly over a hundred. In practice, the buyer and seller of goods and services on the foreign market was the same personage—the state. This, naturally, facilitated the organization of currency, customs and other control over the work of those who conducted foreign trade operations. It was also easier for the Bank for Foreign Economic Activity to operate. How are its functions changing today, under conditions of decentralization of the system of foreign economic ties? This was the topic of the conversation held by our correspondent with the first deputy chairman of the USSR Bank for Foreign Economic Activity, T. I. Alibegov.

[Correspondent] Tomas Ivanovich! Today new banks have appeared which, along with yours, have begun to service the sphere of foreign trade. Does this help you?

[Alibegov] Yes, they have appeared. However, even this "addition" has not taken the load off of us. First of all, for objective reasons, their participation in foreign economic operations is still small. Secondly, the Bank for Foreign Economic Activity has begun to perform many new functions. Finally, the volume of our traditional operations has increased considerably.

Everyone criticizes us in a single voice for the lines of people waiting to exchange currency. They say that before there were no lines. This means that the bank's operation has declined. As an explanation, let me present the following example. We know that today there has been a significant increase in the number of Soviet citizens travelling abroad. Last year alone we served 30 percent more of them as compared with the previous year. At the same time, we did this with our former capacities and our former work space, since we have not been given a single additional square meter. Moreover, during the reorganization of the banking system in 1988, many branches which previously served the public were closed. Operations have become more complex, and the load on the bank has increased in connection with the reform of the "Berezka" stores. While before it was easier and less cumbersome to make a purchase at these stores, today this involves the participation of the bank.

It is true that at the present time, it seems, we have found a suitable solution—the introduction of credit cards.

However, it is not the increase in work volume alone which has led to the creation of long lines. You probably know that the number of purely "commercial" trips to the socialist countries has increased sharply. In this connection, for example, Hungary and Czechoslovakia have begun to give us less of their means of payment. Thus, a shortage of these means has arisen. This too has not helped in reducing the lines...

[Correspondent] Nevertheless, it is not only the citizens going abroad who complain. Many enterprises and organizations also express their discontent in connection with the fact that the Bank for Foreign Economic Activity too often refuses to open accounts, or denies currency credit and guarantees.

[Alibegov] This question is a principle one. We are speaking not of the caprices or whims of the bank, but of maintaining the elementary rules of business. The Bank for Foreign Economic Activity is a cost accounting organ. Therefore, in giving someone currency credit, it must be sure that the money issued will be repaid. This means that we trust only clients who can show us convincing proof of the fact that they are able to earn currency. If there is no such assurance, we do not take the risk.

Nevertheless, organizations and departments still retain their old habit of thinking that, supposedly, their task is merely to create production, or, say, a mixed enterprise, and that the bank must provide currency credit for this. Yet if we see that Soviet industrialists or organizers of a joint enterprise will be unable to pay their expenses in currency, and there are many of these, we firmly refuse them credit. And here, of course, in the depths of the old administrative apparatus, dissatisfaction arises. Some ministry, for example, decides to implement its outlined plan at any cost, and here the bank stands in its way.

By the way, there have been complaints about us to the central organs, as well as letters demanding that the bank be forced to issue credit. Some of these are even from USSR people's deputies. When one encounters such a case, one cannot help but ask: Are these the same deputies who in the USSR Supreme Soviet or at the Congress spoke out so decisively in favor of eliminating the command-administrative system? After all, it turns out that as soon as they return, let us say, to the role of enterprise manager, they immediately reach for their official deputy's stationery form and demand credit for their plant or factory, which cannot ensure currency recoverability. In doing so, they are using that very method of pressure against which they so fervently spoke out recently at the Kremlin.

Thus, in issuing credit we firmly stand up for the protection of state interests. The opinion has become widespread in the press, as well as among our business people, that the Bank for Foreign Economic Activity, due to its conservatism, lags behind other banks in

issuing credits. It is not in the order of self-advertisement, which we do not need, that I say that the sum of issued and already utilized currency credits exceeds \$1 billion. Agreements on granting credits have been concluded in the sum of over \$3 billion.

Here is one more small addition to what we have said. As of March 1989, we have been obligated to license operations on attracting currency from other sources in cases where we do not act as the guarantor. We are speaking of allowing an enterprise to obtain credit from abroad. In half a year we have already issued about 45 such licenses. However, many clients were turned down. Why? Why, because the same principle of currency self-recovery is in effect here. If you can earn currency, you get the license, and if you cannot, then you should not lay claim to it. Many are surprised by the fact that the bank demands unquestionable proof of solvency from enterprises. They point out that they are taking the money not from us, but from a foreign company. However, credit is credit, regardless of whom it comes from. Nevertheless, our manufacturers have a casual attitude toward this and simply cannot understand that it takes great effort to sell products abroad, since they are used to dealing with a market in which shortages reign and almost any goods are anxiously bought up.

[Correspondent] And how are matters with opening new accounts?

[Alibegov] Yes, many complaints of specifically this character have been voiced in the press. In my opinion they are not always substantiated. Last year we opened currency accounts, not counting ruble accounts, for about 7,000 new clients. Of these, over 4,500 are non-balance accounts, i.e., registering the right to buy currency. Around 1,500 are balance currency accounts, and around 1,000 are accounts of joint enterprises. This is a huge volume of work for any bank. After all, it is not simple accounts that we are opening, as in a savings bank, although even this operation is not considered simple and takes up quite a lot of time. Our operations are considerably more complex. 15,000 of our clients have only non-balance accounts, while the overall number of currency accounts in the name of enterprises approaches 50,000! Moreover, many turnover operations are performed with these accounts. For purchases from abroad alone, around 1 billion rubles in freely convertible currency has been transferred to the account owners. All this has appeared within our sphere of activity primarily within the last 2-2 1/2 years, i.e., in the course of economic reform. Yet aside from this we service foreign accounts and accounts with domestic producers and consumers of import products, we provide credit for foreign trade turnover in rubles, etc.

[Correspondent] Then what is the cause for the complaints?

[Alibegov] The reason for them is not that we are not helpful to enterprises in entering the foreign market, but that we do not agree with their unsubstantiated claims.

They also want to receive currency credits from us abroad, without any assurance of solvency. They do not consider the fact that the times when state currency was freely spent are passing away and must disappear forever. We cannot help but see that legal nihilism is becoming rather widespread in the economy. Under conditions of decentralization of the system of foreign economic ties, certain organizations are in essence trying to ignore the fact that currency, customs and foreign trade regulations do indeed exist. They tend to confuse [this decentralization] with anarchy and lack of control.

Some of our foreign partners, noting this fact, have christened our time as the period of "wild democracy". And this is no accident. In the Western countries the system of control over foreign economic operations is well ordered. Each enterprise there must clearly prove that there is no larceny in its dealings. It must have an account, and affix to it a customs declaration and a bill of payment. All this is done at strictly designated times, and not whenever the enterprise wants.

In our country, however, the newly created bank "Vostok" announces to the whole world through the means of mass information that, supposedly, it is overcoming stagnation, and has opened accounts for correspondents abroad. And this is presented as a virtue. In fact, however, there is a clear violation of the law here.

Another example is that of the so-called joint "Baykal Bank". I say "so-called joint" because joint enterprises must be registered with the USSR Ministry of Finance. At the same time, it is also a "so-called bank", because commercial banks must register with the USSR Gosbank. Yet it does not have either registration.

There are many such violations. Yet any regulation of the actions of an organization or enterprise is immediately equated to an attack on its rights. Unfortunately, few have stopped to think that the changes in the system of foreign economic ties necessitate an immediate review of the conceptions of currency, customs and foreign trade regulation. In my opinion, it is not enough merely to give certain subjects the right to perform foreign economic operations and to believe that this is the beginning and end of the transformations. After all, we have not only currency legislation, but also very strict currency limitations under conditions of non-convertibility of the ruble. The servicing of foreign economic operations by banks must inevitably be associated with strict currency control, whether we like it or not. This is entirely true also for the decentralized system of foreign trade. Administrative regulation remains here too, but obviously must be based not on a bureaucratic, but rather on an economic approach.

Yet many new sectors of the foreign trade sphere, carried away with criticism of everything associated with the words "state" and "administrative", have willingly or unwillingly opened fire also on the basic tenet of all activity on the international market under conditions of a non-convertible currency: The principle of control over

it. After all, we are making the transition to a regulated market economy, and this requires high discipline within the framework of a system of currency legislation which we have yet to develop, since for now it is being replaced by numerous statutes, including sub-legal ones. Moreover, not everyone knows about them. In other words, as a result of the reorganization of foreign economic ties, we cannot allow state control to be lost in areas where it is simply essential. Such control exists even in those countries which have currency freedom.

[Correspondent] You speak of the increased load on the Bank for Foreign Economic Activity, and at the same time you criticize the actions of the newly created banks. Does this mean that you have a negative attitude toward their creation? Often we may hear accusations of monopolism levelled at the Bank for Foreign Economic Activity.

[Alibegov] Let me clarify this right away: I am convinced that the inclusion of other banks into the sphere of foreign economics is inevitable and beneficial. The discussions about our monopoly are the fruits of misconceptions and ignorance. There are many functions which we do not want to and cannot perform, partially because this is simply beyond our means. Continued decentralization of the foreign economic sphere will lead to a situation where it will become more and more difficult for us to serve clients who are located far away. This would be both unproductive and unprofitable.

On many transactions we earn nothing, we receive no commissions, and we bear net losses. For example, we have an entire department of trained specialists who give free counselling to clients on questions of currency accounts—those very same clients who complain about us. The same is true also of other currency questions. There are very many operations in which the bank acts as an agent of the state (obtaining credits for certain purchases made in the state sector, or performing accounting and record keeping on inter-state credits, etc.). All this is also done free of charge.

And what is this so-called bank monopoly? It is not something written down somewhere, but rather it is associated with the historical development of the state of affairs: Over a period of decades the bank was the only institution engaged in foreign economic accounting. Therefore, its "monopoly" is one of experience, of cadres, and of knowledge in the field of USSR agreements, currency regulation, legislation, international operations, etc.

This, of course, is our greatest achievement. At the same time, other banks which are venturing forth into the field of the foreign economic sphere are just beginning to accumulate this capital, which is gained through many years of labor. Therefore, whether we like it or not, the main burden of the work falls on us. I might add that even abroad the transition of a purely domestic bank to international operations, as a rule, takes no less than 10

years. And even after that, not all banks are successful in this new endeavor. That is a commonly known fact.

Thus, we are in favor of other banks operating in this sphere. Yet we should create certain conditions for this. We must develop currency legislation and a system of currency-customs control. Banks which receive permission to conduct operations in the foreign economic sphere must assume the responsibility of performing the work of a currency control agent. Otherwise, they will create a breach in the system of currency control or, simply speaking, will hold open the door for swindlers.

In conclusion, let me say a few words about expanding the functions of other banks. The Bank for Foreign Economic Activity is preparing such proposals together with "Promstroybank" [Bank for Industrial Construction] and "Agroprombank" [Agro-Industrial Bank]. They will serve the foreign economic ties wherever this is not associated directly with currency control. Specifically, "Promstroybank" is already giving currency credits from currency funds allocated to it by the Bank for Foreign Economic Activity. The same is true also of "Agroprombank" and "Zhilotsbank" [Bank for Housing and Municipal Services and Social Development]. The institutions of these banks are providing services for tourism and foreign economic accounting, primarily with the socialist countries, although the sums pass through the accounts of our bank. Preparations are being made to transfer enterprise currency accounts to them.

Thus, for our part, much has already been done to formulate a favorable environment in which foreign economic ties must develop and gain strength. However, this is only the beginning.

Azerbaijan's Foreign Relations Discussed

18310046C Baku KOMMUNIST in Azeri
15 Nov 89 pp 2, 3

[Article by Professor Ruhulla Orujov and Musa Gasy-mov: "International Life And Soviet Azerbaijan"]

[Text] The processes of perestroika, democratization and glasnost have entered into our life strongly. They are also opening up the way in the foreign policy sector, and discussions on a number of questions connected with international issues have broadened. It is known that until recently there was an inadequate relationship to international events and the policies of other states and, in a number of cases, mistaken decrees were issued.

Now these shortcomings are being eliminated, the world situation is being realistically examined, everything is being called by its own name and the possibilities for reducing tension and mutual understanding between peoples are being effectively exploited. True, it is not that easy to destroy the apathy and traditions which have taken root and infected the organism of the state over many years. Yet, it is still necessary to eliminate them.

The deeprooted apathy and the mistakes which have been permitted in our foreign policy over many years have also exerted a certain influence in our republic. Now, however, all union republics, including Soviet Azerbaijan, are taking an active part in the foreign policy activities of the Communist Party of the Soviet Union and the Soviet state.

Our republic is making its own contribution to the implementation of the Leninist principles of our foreign policy. But under the conditions of the present revolutionary renewal this contribution can and should be much greater. Recently the Constitutional Law of the Azerbaijan SSR "On the sovereignty of the Azerbaijan Soviet Socialist Republic" was passed. The law's statements on "providing leadership over political, economic, scientific and cultural relations with foreign countries" and "the representation of the republic in international relations" are an important step and are extremely important in giving them a practical significance. A number of questions must be resolved in the foreign policy activity of Soviet Azerbaijan in the political, economic and cultural sectors through these. Primarily, our republic's participation in the political sector must be broadened. Article 80 of the Soviet Constitution says: "A union republic has the right to enter into relations with foreign states, to sign treaties with them, to send and receive diplomatic and consular representatives, and to participate in the activities of international organizations." As it appears, Azerbaijan can be a member of international and regional political, economic, public and sport organizations and can enter into relations with foreign states. But we must explain that this article has not been completely implemented. The fact that up to now representatives of the republic have been included only by chance in the composition of a Soviet representative committee in the work of some international organization cannot be said to be a complete realization of this assertion. Of course, the talk is not simply about participating but about benefiting our policy and representing the interests of our multinational country. In other words, it is extremely important that the role of the republic Ministry of Foreign Affairs be increased and that Azerbaijan be turned into a real center connected with its participation in international affairs.

Recently steps have been taken to further expand the activity of union republics in the foreign policy sector. Comrade E. A. Shevardnadze, USSR Minister of Foreign Affairs, noted the importance of expanding the international activity of the union republics and of their opening consulates in some foreign countries. We believe that our republic's Ministry of Foreign Affairs will submit new genuine proposals in connection with this and will succeed in having them accepted.

The proposed law "On the economic independence of the Azerbaijan SSR, and its transition to enterprise accounting and self-financing" opens up wide possibilities for expanding our republic's foreign economic relations. At this point we would say that it would be better to phrase the first

paragraph of the law's Article 13 as follows: "The Azerbaijan SSR, in implementing its sovereign rights, will establish direct foreign economic relations with foreign states and international organizations."

We recall that V. I. Lenin gave great value to such relations of Azerbaijan in the first years of Soviet government. V. I. Lenin wished to see Soviet Azerbaijan as an exemplary republic at the gateway to the East, and he especially noted its international importance for the countries of the Near and Middle East.

In a letter V. I. Lenin wrote to A. I. Rykov, V. P. Milyutin and A. M. Lezhava in April 1921 he discussed the "need to give the Baku Petroleum Committee definite independence in exchanging petroleum products for equipment and for food and clothing for the workers." He wrote in a letter dated 5 June 1921 to A. M. Lezhava, deputy Commissar for Peoples Trade: "I am not opposed to the Azerbaijan Foreign Trade Administration and Azerneftkom's direct trade in Constantinople; I am prepared to support significant autonomy for Baku, but there must be guarantees." This demonstrates once again the exceptional importance V. I. Lenin attached to Azerbaijan's foreign relations.

But during the period of Stalinism limitations were permitted in Soviet Azerbaijan's profitable and business-like international relations, including with the countries of the East. V. I. Lenin's principled directives and wishes were approached with apathy. It is good that these limitations are gradually being lifted, that the rights and sovereignty of all union republics are being broadened, and that their leadership in the economic and social sectors are being rebuilt again on a basis of self-administration and self-financing.

The union republics will independently resolve all questions of foreign economic activity on the basis of the principle of valuta payments within the authority defined by the USSR law. The establishment of republic and regional foreign trade organizations and firms, the development of direct relations, joint institutions, cross-border and river trade, and the granting of certain rights in the sector of tourism and cultural exchange are being considered for them. The question is: what is necessary for the broadening and development of our republic's international economic ties? For this, by keeping to our Union's interests, the regulation of Soviet Azerbaijan's right to enter into the world market directly conveys primary importance. In the final analysis, there has always been a great need for Azerbaijan's goods in the world market. Three hundred sixty types and brands of products manufactured in 110 institutions of our republic are being exported to close to 100 countries of the world. In the last few years alone the amount of goods exported from our republic has increased by 1.6 times. Dating from April of this year, authorization has been granted to all institutions producing goods which are competitive on the world market to conduct direct import-export activity. The "Azerbaijan Export" exhibit which opened in Baku for the first time was also organized with a commercial objective.

Essentially, the establishment in Soviet Azerbaijan of institutions jointly with foreign countries, primarily with the countries of the East, is very useful. The organization of crossborder and direct trade relations with Turkey and Iran which are our southern neighbors can be highly profitable.

At this point we would note that after the April 1985 plenum of the Central Committee of the CPSU a great advance in the relations between the Soviet state and Turkey and Iran took place. From December 1984 a long-term, ten year program on developing economic, trade and scientific-technical cooperation with Turkey, and an agreement on Soviet-Turkish trade turnover in 1986-1990 came into action. In July 1986 a bipartite agreement on cooperation and tourism was signed between the USSR State Planning Committee and state planning organizations in Turkey. The establishment of crossborder relations from the territory of the Georgia SSR between the Soviet Union and Turkey in 1988 and the opening of a two-way highway must be considered one of the successes of our foreign policy. According to the plan, the international highway between both countries which will become active at the end of 1990 proves that efforts by two neighboring countries of differing social systems in the Warsaw Pact and NATO to fulfill provisions of the Helsinki Final Accord on questions of security and cooperation in Europe are being made. As for the bridge which will be opened in the future over the Kubash River, it will play an exceptional role in Soviet-Turkish economic, cultural, sports, tourism and crossborder trade relations and in relations of the population of neighbor rayons in the two countries. The day is not far when this road will be profitable to both countries as a contribution of people's diplomacy and be called a road of peace and friendship.

The recent widening of economic relations between Turkey and Azerbaijan creates optimism in the resolution of these issues. Mutually profitable, businesslike relations between the Turkish firms "Simtel" and "Maga" and industrial institutions in Azerbaijan are being arranged. Permission is being given to establish joint relationships with them. Recently a great dynamism has been created in our relations with Iran.

In our opinion, the commencement of crossborder relations with Iran must be considered a contribution to Soviet foreign trade relations. In this trade, it has been planned that the provinces of East Azerbaijan, Khorasan and West Azerbaijan will exchange goods in the amount of 15 million dollars annually. And this is certainly not the upper limit. In connection with these relations the Baku-Astara railroad will be extended as far as Iranian Astara, and another bridge will be built over the Astarachay.

Under current conditions cultural relations with foreign countries is a necessary demand of the time. Our republic now maintains cultural relations with more than 120 countries in the world. International cultural relations is a part of the Soviet Union's foreign policy

and helps in improving the international political climate and leads to the positive solution to a number of problems.

In our opinion, under the conditions of perestroika special attention connected with our republic's international cultural relations must be given to the following questions: primarily, the establishment of direct cultural relations by Soviet Azerbaijan's organizations concerned with cultural relations with foreign countries, including Turkey, Iran and other countries, must be expedited. In addition, an international communications center for broadening mutual understanding between peoples and strengthening friendly relations must be established in our republic's capital. In our opinion, this center would be useful for two reasons: on one hand it would bring our peoples closer together; and on the other, it would strengthen friendship and increase mutual faith and belief.

It is also necessary to resolve some questions in the sector of the exchange of international information. As we know, despite the existence of telegraph agencies in all union republics, TASS basically distributes international information. Often, emphasis is only given to Western countries. It would be better if representatives of Soviet Azerbaijan's press, radio, television and telegraph agency as well as a network of correspondents were active abroad including in the countries of the East. No matter what, representatives of the republic's mass media should be assigned to the countries of the East occasionally.

In our opinion, under conditions of perestroika the solution to another question also conveys actuality. It is known to everyone that in August 1975 33 European states, the United States and Canada signed the Helsinki agreement on security and cooperation in Europe and that in January 1989 the final accord was signed. In this, laws on the meeting and uniting of relatives and family were proposed, along with some other issues. In our opinion, the fact that the Soviet Union, which is the most powerful state in the world and on the European continent, signed this document could play an important role in resolving problems which have accumulated between Northern and Southern Azerbaijan over many years.

Of course, the resolution to the questions put forward depends to a significant extent on the existence or non-existence of specialized cadres in the republic. If the republic's participation in international life is being discussed, it should be noted that it would be impossible to implement this without specialists. It would be good if an appropriate department in the history faculty of Azerbaijan State University were to be opened in order to train specialists in international relations.

One question must receive special attention. It is known that every year many youths from various countries of the world come to our republic to study. One can say that they specialize in every field. But for some reason we

have forgotten a question of exceptional importance to us up to the present time. We have been apathetic in preparing specialists in Azerbaijan studies for foreign countries. The articles written against us and our people in the world press on processes which have occurred recently have shown the very serious consequences of this.

One of the important problems requiring a solution is the question of Azerbaijan's participation in international life. In our opinion, the place Soviet Azerbaijan holds in the system of international relations requires serious scientific study. For some years planned and effective work has been going on in this direction in the faculty of modern and contemporary history of the university. But the fact that bureaucratic obstacles in the use of archive materials have still not been eliminated creates the feeling that some things are still "forbidden." No one should have the right to "forbid" the use of the archives of the Ministry of Foreign Affairs.

Along with all this, the fact that no special monograph or booklet on the foreign policy activity of the prominent party activist and statesman N. Nariman, who provided incomparable service in the establishment and development of the relations of the young Soviet Russia with Eastern countries is regrettable.

L. B. Kameney, member of the Politburo of the Central Committee of the RCP(b), demonstrated in his speech at the funeral ceremonies for N. Narimanov in March 1925 said "I remember meetings chaired by V. I. Lenin. We were discussing basic problems of our party's Eastern policy, and the uniting of the Transcaucasus and Turkestan into a common, unified Soviet state. At all these meetings Comrade Narimanov played a significant role, and Vladimir Ilyich approached the words of this experienced old soldier with special attention and sensitivity because Vladimir Ilyich heard in his words, sometimes in his hesitation, cautious advice and awareness the voice of the workers which had to lead to uniting with the proletariat of the West and Russia over special historical paths."

If the incomparable services in this sector of N. Narimanov are so highly valued, then why do we neglect his heritage? We want to direct attention to another important question. As we know, at certain times diplomats from Azerbaijan have played an important role in improving international relations, in implementing our peace-loving foreign policy and in mediating local conflicts. But, that being the case, why has their diplomatic activity not been turned into a subject for scientific research?

The majority of experts see the reason for this in the fact that the Institute of History of the Azerbaijan SSR Academy of Sciences does not have a general history department and that a special section, department or group of researchers studying our republic's international activity has not been established up to the present time.

Certainly, the questions we have raised in connection with our republic's participation in international affairs in sectors related to political, economic, cultural and

humanitarian relations are extremely complex, and the answers to them do not only depend on authorized organs of the republic. But we must bear in mind that perestroika is affecting ever deeper strata of our society. Perestroika is a great beginning for our foreign policy and peaceful coexistence. In making use of this beginning, the Azerbaijan SSR can and must make its own contribution to the implementation of the peace-loving foreign policy of the CPSU and Soviet state on the Asian continent and in the world as a whole.

Impediments to Soviet Foreign Trade Detailed, Analyzed

904M0004B Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian
No 10, Oct 89 pp 5-15

[Article by Professor Ivan Dmitriyevich Ivanov, doctor of economic sciences; department chairman, State Foreign Economic Commission, USSR Council of Ministers: "The Restructuring of Foreign Economic Relations in the USSR: First Results and Basic Problems"]

[Text] Radical reform of the activity of the Soviet foreign economic complex is an integral part of the restructuring of the management of the Soviet national economy. In addition to contributing substantially more to the economic and social development of the nation, the reform is at the same time designed to develop in the Soviet Union an open economy that interacts and competes with the world economy. In today's interdependent world, foreign economic relations are also the avenue of bolstering trust and of materializing the new political thinking.

Having before it the goals that have been confirmed in the course of the work of the new Soviet parliament, in the last few years foreign economic reform has made appreciable progress primarily in its conceptual and organizational-legal aspects. However it is also encountering a host of problems that impede its realization. The present article analyzes the ambiguous, contradictory situation that has developed in the country's foreign economic relations as a result.

The Causes and Essence of Perestroika

The period of stagnation in the Soviet Union's foreign relations was unique in that the crises phenomena that accumulated here were for the time being camouflaged by short-lived factors and especially by the euphoria surrounding oil. However stagnation made itself known all the more graphically after the sharp drop in world prices on raw materials and fuel with the beginning of the '80's. The backward structure of exports halted the growth of the nation's foreign trade turnover. Altered price proportions led to the loss of part of our national income in international exchange. The Soviet Union's balance of payments deteriorated and its foreign debt rose.

These phenomena are deeply rooted in the old approach and mechanism for managing foreign economic relations. The official rhetoric notwithstanding, the planning level has been dominated by the ideology of preserving the special character of the Soviet economy, and its separateness from the world economy. The Soviet Union's internal prices were not connected to foreign trade prices. The exchange rate of the ruble was artificially inflated and was unsuitable for business transactions. Goods allocated for exports were essentially "leftovers." Imports were essentially used to compensate current shortages. Conventional trade dominated foreign economic relations.

The interpretation of the state monopoly on foreign trade as the Ministry of Foreign Trade's departmental monopoly at the economic level isolated industry from exports and did not encourage industry's interest in exports. At that time, ministries and departments lived the illusion that imports were free, that they were financed by the state.

Of course even under these conditions, the Soviet national economy was inevitably drawn into the international division of labor. But it was a costly and flawed process. Foreign economic relations were farther removed from *khozraschet* [cost accounting] than any other sphere in the Soviet economy. The country occupied a secondary role in the world market and was in fact outside the international trade system, which was totally incongruent with its potential and political weight in the world.

In such a situation perestroika required not managerial but political solutions—the formation of new, unique foreign political thinking as part of the new economic and political thinking developed by the 27th CPSU Congress. It was embodied in a series of party-government documents that were adopted in this area in the last 3 years and that in their aggregate form the radical, restructuring conception of the role of foreign economic relations in the Soviet national economy and the avenues of their development.

The conception is based on the fact that the Soviet economy in today's interdependent world is a part of the world economy and cannot develop successfully in isolation from the latter. All technico-economic reference points of our development must therefore be chosen in terms of the world level, and Soviet industry must compete with foreign industry. This means the substantial strengthening of the influence of external factors on the rates, proportions, and character of economic growth in the nation, internal price formation, and regional development. Properly managed foreign economic relations must become an independent source of increasing national income in excess of its national production and must become a constant component (or alternative) in choosing avenues of resolution of national economic problems.

Such an approach substantially expands the functions of exports and imports and other foreign economic operations in the national reproductive process. Thus, exports,

while satisfying the country's needs for imports, cease to be "leftovers" and act as a yardstick of the technical level and quality of national products, a way of economizing on costs by expanding the scale of production, and as an additional instrument of regional development. Imports in turn are intended not only to offset current shortages in supply, but also to promote the large-scale technical modernization of the Soviet economy, to take the place of expensive national products, to promote regional development and the enrichment of the supply of goods in the Soviet consumer goods market.

Thus it is the comparative costs of national and foreign production and not barter *naturoobmen* that become the system-forming factor in Soviet foreign economic relations. Stable international specialization of the nation takes the place of sporadic contacts with the foreign market. It is planned to make this specialization industrial with emphasis on the machine building and wood chemistry complexes and to raise the share of finished products in Soviet exports to one-half by the year 2000 while lowering the share of energy carriers to one-fourth. Imports will also become high-tech and, what is more, imports of raw materials will help to reduce the load on nonrenewable natural resources and the ecological balance of the USSR.

The new foreign economic thinking also alters trans-boundary relations between the two systems of ownership. While remaining social opposites, at points of contact they nevertheless constitute unique dual, hybrid entities in the form of the property of joint ventures in the USSR and investment assets of Soviet organizations abroad.

The purpose of joint ventures in the USSR is to draw progressive foreign technology and management know-how into the nation, to work to saturate the national market (including the replacement of imports) and to develop the country's export sector, and to expand the financial base of modernization of the national economy. In turn our capital investments overseas are creating the infrastructure there for the promotion of Soviet exports (warehouses, the sales and service network) and their own production base for the stable supply of our country with the necessary goods. In both cases, joint ventures promote the Soviet Union's participation in higher, more productive forms of the international division of labor, promote it to the status not only of an international trader but of an international investor as well.

These processes are seen to be developing relatively more rapidly within the framework of the CEMA by regenerating the dynamics of socialist economic integration and by coupling it not only to intergovernmental cooperation but also to cooperation at the level of economic links. An amalgamated market of interested socialist countries as the aggregate of their reciprocally open national markets should form in the future.

The conception envisages the development of foreign economic relations of the USSR on a balanced basis and

the maintenance of the stability of the balance of payments and the restriction of foreign indebtedness to limits that preserve the nation's status as a reliable and solvent borrower.

Also of fundamental importance is the fact that the policy of creating an open economy in the USSR is realized not only through centralized, strategic planning. It is based on direct access to the foreign market by all interested Soviet enterprises, associations, and production cooperatives, by the conversion of foreign economic operations into an integral part of their general economic activity.

The conception also envisages the substantial improvement of the actual mechanism underlying the activity of the foreign economic complex: the reduction of differences in the proportions of national and world prices in the course of price reform, the establishment of a new, economically substantiated exchange rate for the Soviet ruble and in the future—its convertibility, and the creation of an exhaustive system for stimulating exports and for insuring the foreign economic operations of Soviet enterprises against commercial risks.

The basic directions of restructuring of the activity of the Soviet foreign economic complex are reflected in summary form in the Strategy of Foreign Economic Relations of the USSR to 2000-2005 that was approved in October 1988 by the CPSU Central Committee and the USSR Council of Ministers. The program of development of the the nation's export based up to 1995 is part of the strategy. The strategy envisages the relatively more rapid (1.2-fold) growth of the nation's foreign trade turnover compared with national income, the increase in the export quota in this income to 8-9 instead of 6 percent in 1985 and in the share of the USSR in world trade—to 6 compared with 4 percent, respectively. If the indicated targets are fulfilled, foreign economic relations by the year 2000 will produce a net increase in national income of approximately one-tenth of total growth, will mean a saving of the labor of 13 million persons, of 130 billion rubles in capital investments (including related investments), unlike today's losses, and a lesser load on natural resources and on the material-intensive branches of the Soviet economy.

The New Foreign Economic Management Mechanism

Specifically what is being done today to implement the indicated policy and how successful is this implementation? The restructuring of foreign economic activity is a successor to the general economic reform and is based on the same principles. They include: management of a given sphere as a single national economic complex; central organs' retention of the right to make most strategic and normative decisions; the broad independence of the economic link in business dealings in foreign markets controlled from above primarily by economic methods and through its interests.

Forms of exercise of state monopoly on foreign economic activity are first of all accordingly undergoing

radical change. They retreat from the extreme variant—the direct statization *ogosudarstvleniye* of foreign economic operations in the hands of specialized brokerage agencies. Instead of this, the state is transferring the right to this activity in stages to the basic link of the Soviet economy—enterprises and production cooperatives.

Contrary to certain nostalgic pronouncements, to act differently under the new conditions would mean artificially undermining and contrasting internal and foreign economic management mechanisms against one another, would reduce the policy of forming an open economy in the USSR to just one more declaration. Nor is this altered by Lenin's famous decree because he did not by any means interpret the state monopoly on foreign trade as an alternativeless and departmental monopoly. He rather viewed it as the exclusive right of the Soviet state to **choose** the economic agents to which foreign economic activity is delegated.

On 1 April 1989, this choice was made through the state registration of participants in foreign economic relations that verifies their readiness to enter the external market and that determines the concrete limits to the rights transferred to them in this area. The state insures its decisions by preserving its right to halt the foreign economic activity of those of its participants that violate national economic interests. Finally, there is a system of measures for the operative state regulation of foreign economic relations. All this makes it possible to secure state management of the foreign economic complex, to incorporate its activity in the new system for managing the nation's entire economy.

Foreign economic planning also acquires different content. It changes from all-embracing, detailed, and physical into selective, aggregated, and value-oriented planning. The overall volume of hard currency earnings from specific commodities becomes a report indicator in the plans of enterprises, branches, and union republics. The state plan for the development of foreign economic activity is also simplified and in terms of type and structure approximates the nation's balance of payments broken down by types of currencies. The USSR's international obligations (for example, within the framework of the CEMA) are formalized in the form of state orders.

At the same time, in practice targets for exporting a number of key commodities (oil, petroleum products, coal, timber, chemicals) are underfulfilled even if their delivery to the internal market is overfulfilled. Shipments are uneven, sometimes without regard to seasonal fluctuations of demand (for example, 60 percent of the oil and gas are delivered in the energy-conserving second and third quarters) with corresponding gains in prices. The high level of state orders and mandatory economic contracts does not leave many enterprises reserves for maneuvering and developing new forms of cooperation. Imports, on the other hand, are not always coordinated with the allocation of appropriate national resources for the corresponding

objects. Combined with mismanagement by builders, this resulted in a five-billion ruble inventory of uninstalled imported equipment.

Future plans call for assigning top priority to hard-currency-generating export orders in the distribution of centrally allocated commodity stocks and for imposing fines for the "freezing" of imported machinery. But to date exports have not only not received a declared priority status in the planning process, but do not even have equal status compared with the internal market.

From an organizational standpoint, the State Foreign Economic Commission of the USSR Council of Ministers [GVK] has the responsibility of directing foreign economic relations. In charge of their direct management, however, is the USSR Ministry of Foreign Economic Relations [MVES], which has accordingly been relieved of a considerable amount of the routine commercial functions. They completed the first organizational-legal stage of the reform and brought the economic link of the Soviet economy into the foreign market.

However, the second stage—managing foreign economic relations following their decentralization and assisting enterprises in mastering operations that are new to them—is more difficult. The MVES has not yet supplied enterprises with the necessary foreign economic information and is not actively developing national trade policy instruments. The GVK has not yet developed an integrated system for stimulating Soviet exports. The commission is overburdened with routine work. In some cases, it does coordinate the work of departments but instead tries to do their work for them, in particular, by correcting the actions of the MVEC where the level of professionalism has declined of late.

As in the Soviet economy as a whole, perestroika advances enterprises and production cooperatives to the role of principal entities in the sphere of foreign economic management. They have been given broad access to the external market in a broad range of transactions, including foreign investment. These operations are on a cost accounting [*khozraschet*] basis. As an incentive, the enterprises retain from 2 to 97 percent of the earnings from exports depending on the degree of manufacture and science-intensiveness of the products they export. These funds may be used freely for technical modernization, for the purchase of components, etc., and a certain part of them can also be used for the social development of the work collectives, including the importation of consumer goods. According to the totals for 1988, enterprises received 2.5 billion rubles in transferable rubles, 0.9 billion in clearing currency, and 1.3 billion rubles in hard currency. In addition, they received almost 1.5 billion rubles in hard-currency credits.

A network of specialized foreign economic associations continues to export-import brokerage service for interested enterprises. These associations also operate on a *khozraschet*, commission basis and organize relations

with their clientele on the basis of economic contracts (contract of commission agency, contract of delivery, or contract of agency).

At the same time, the economic mechanism at this level of foreign economic activity has not as yet been properly developed. Enterprises are not always satisfied by the long-term economic norms that are applied, especially by the differentiated currency coefficients (DVK) and the norms governing hard-currency deductions [*valyutnyye otchisleniya*].

The DVK are used for the reciprocal conversion of union and world prices and are intended to ensure uniform *khozraschet* in internal and external operations. Technically speaking, they are the quotient resulting from the division of these prices into one another plus the adjustment that is made for the currency used in the transaction. To a certain degree, the DVK even out the discrepancies that exist in prices (both positive and negative) by relating them to the state budget. However, DVK are by their character cost-oriented and do not insure enterprises against subsequent price fluctuations, are inconvenient to use because of the large number of them, and are on the whole unprofitable to the budget. On the basis of DVK, enterprises can realize unwarranted profits and can also sustain unsubstantiated losses, and it is as if there are several thousand different exchange rates for the ruble in the nation.

Hard-currency deduction norms make the enterprises the masters of part of their hard-currency earnings. Given the present values, however, they are still not able to realize full self-support in hard-currency terms. These norms are differentiated by branch rather than by commodity groups and are not paid to exporters of a number of raw-material commodities at all. Finally, enterprises do not consider the compensation in rubles according to the official exchange rate adequate for the part of the hard currency earned by them in excess of the norm that is taxed by the state.

Necessary corrections are in part already being incorporated in this practice. The gradual abolition of the DVK has begun: the ruble's new, uniform exchange rate will be used in foreign economic operations starting 1 January 1991. The pricing reform is supposed to bring proportions in national and world prices somewhat closer together. Hard-currency deduction norms are raised in the 13th Five-Year Plan. They will also be extended to raw-material exports and will be more closely linked to the degree of a product's manufacture than to the exporters' departmental affiliation. Nevertheless, the procedure for using the 100-percent increase in the ruble's official exchange rate in exports and imports for hard currency and the determination of limits and bases for deviations from the norm where dictated by necessity still remain unclear.

Joint ventures on Soviet territory have become a new channel of international economic cooperation. On 1 August 1989, there were already more than 780 such

ventures registered in the nation with an aggregate charter capital in excess of 2 billion rubles; foreign capital investments comprised about two-fifths of this sum.

Joint ventures carry out their intended goals and combine production and investment cooperation most effectively. However it is also true that as a model of economic management, they are oriented toward the post-reform Soviet economy (with new prices and a new exchange rate, with a developed system of wholesale trade, and with joint-stock legislation), and are therefore experiencing a certain amount of difficulty in the present transitional period of the reform. And if the problem of the self-supply of hard currency for their operations, which was initially so actively debated, proved to be entirely solvable in practice, the supplying of them from the Soviet internal market, which operates on the basis of centralized allocations, and the securing of guarantees of their loan financing, still remain a problem. In the first instance, the solution of the problem will come with the broad development of wholesale trade. In the second, it will probably be necessary to think about introducing a market in real estate and securities that could be used as security for credit.

Discussions on the creation of "joint venture zones" in the USSR have acquired broad character of late. The given experiment logically stems from the course of general economic and foreign economic reform, from world experience. However this experience is only partially applicable for the USSR. If in foreign practice, "zones" are usually small territorial enclaves faintly connected to the national market, in the USSR they are viewed as an integral part of the Soviet economy, as a means of resolving no so much foreign economic as general economic problems.

Therefore, while preserving the export orientation within feasible limits, the Soviet version of "joint venture zones" is called upon to work primarily for the internal market, to supply it with the necessary goods and technology; to serve as centers of assimilation of progressive management experience and new forms of economic management; to accelerate the development of the regions in which they are situated. It appears that "zones" in the USSR can attain significant territorial size; can be situated not only in the nation's border regions but also deep in the nation's interior, and that a favorable climate can be established for both foreign investors and Soviet enterprises.

At the same time, the geography of "zones" as economic formation must be determined by economic criteria and need not by any means necessarily coincide with administrative-political divisions of the USSR or with ethnic boundaries. Requests to establish "zones" have to date been received from more than 20 regions throughout the nation, and four projects (Vyborg, Nakhodka, Novgorod, and Sochi) are in the advanced stage of development and realization.

The regional aspect of management of foreign economic relations is an important question in an enormous country like the Soviet Union. The corresponding rights of union republics have been expanded in the course of the reform. They have created republic foreign economic associations to trade in items in the local product mix and have established a 70-percent hard-currency deduction norm on exports. The Strategy of Foreign Economic Relations of the USSR articulates the long-range specialization of individual large regions. Regional cooperative associations with foreign countries have been established in a number of places (Far East, Kola Peninsula).

A new step has been made in draft union legislation on republic and regional *khozraschet*. However in this area it is important to know the feeling of measure and responsibility to one's republic and the Union as a whole. Clearly, *khozraschet* in the extreme, autarkic forms that are occasionally proposed to separate [republics] from the union market, coupled with noneconomic subordination, can be harmful to republics and to the Union. Extreme forms are fraught with serious disruptions of the reproductive process in the respective republics¹, with the fragmentation of the union market, the unity and scale of which are the main foreign economic advantage of our country. It is not by chance that the leading tendency in the world is the integration of even large, competitive countries into economic blocs and their creation of vast, unified, not separate market spaces.

The radical modernization of the instruments of Soviet foreign economic policy has finally begun. The old administrative distribution of commodities is being replaced by such regulatory instruments as the registration of participants in foreign economic relations, new customs-tariffs, and a system of routine non-tariff regulation of imports and exports. These instruments (primarily based on generally accepted international standards), which are designed to secure the flexible combination of the growing business independence of individual participants in foreign economic relations and the nation's public interests in this area, will serve the nation's effective integration into the international commercial system, to bring the USSR closer to GATT², and will facilitate the conclusion of a reciprocal agreement on trade and cooperation with the EC.

The mandatory state registration of participants in foreign economic relations is the modern form of the Soviet state's exercise of its monopoly on foreign economic activity. It gives the corresponding participant access to the foreign market, while the content of the registration certificate defines the extent of its legal capacity in this area. The registration number serves as the basis for the acceptance of freight documents by customs agencies and for obtaining data from the nation's Uniform System of Foreign Economic Information. Finally, registration data are published in a special state register for presentation by participants in foreign economic relations, thereby making it easier for Soviet and foreign partners to seek and establish contacts with one another.

As of 1 August 1989, the MVES had registered more than 7000 participants in foreign economic relations. Among them: enterprises, specialized foreign economic associations, production cooperatives, and other social organizations, their unions, associations, and consortiums, as well as joint ventures in the USSR. The number of such participants is expected to grow to 8000-10,000 before the end of 1989. Despite the large volume of work that has been done, however, it is also important to note its shortcomings, especially differences in the interpretation of the parameters of registration by MVES agents in various regions of the nation.

The new customs tariff of the USSR, the introduction of which is planned for 1991, is intended to regulate the conditions of competition of imported goods in the Soviet market, to influence prices, to augment the state budget, and to be used as a base for international trade negotiations. The effect of the tariff is that the Soviet importer operating on a *khozraschet* basis, who pays the duty, charges it against his production cost [*sebestoimost*] and must therefore compare the relative effect of purchasing analogous products in the national and foreign market and in the latter instance, must also take the sources of imports into account, because the tariff is a two-column tariff that varies within the range of 2-2.5-fold for countries that do or conversely do not accord the USSR most favored nation treatment.

For the sake of convenience in trade negotiations, the tariff is organized according to an internationally organized mix and according to the methodology used in customs evaluations and contains preferences for developing countries and for new forms of cooperation. As the road to establishing "free trade zones" based on CEMA, it is proposed that duties on imports from CEMA member nations be fixed at the level of zero.

Routine measures for the non-tariff regulation of the USSR's foreign economic relations are few and are not the implement of protectionism. They boil down to the licensing of foreign economic transactions or to the establishment of import and export quotas. In the case of exports, the need for this is occasioned by the non-saturation of the country's internal market, which, given the multitude of exporters of the most important national economic goods, requires the optimization of the division of the commodity mass between national consumption and exports. Licensing in the given instance is performed either by the MVES or by ministries (councils of ministers of union republics) that "hold" the balance of a given good in the nation. Licensed imported goods are for the most part goods requiring technical expertise and the licenses are issued by the ministries providing this expertise. What is more, the licensing (the establishment of quotas) of imports can be made in the directions of trade where the imbalance of payments does not favor the Soviet Union.

In 1989 the licensing of exports was applied to 27 groups of products of all-union significance and covered up to 70 percent of the volume of exports. Seven imported

commodity groups (six percent of the volume) were licensed. What is more, because of the imbalance in bilateral payments, individual licensing was applied to imports from Finland and Yugoslavia and to exports to the Korean People's Democratic Republic. Joint ventures in the USSR are exempted from licensing and quotas in the exporting of their products and in the importing of products for their own needs.

On the whole, all these measures are designed to create a fundamentally new, favorable medium for the foreign economic activity of Soviet enterprises. However this activity has not yet become an integral part of their everyday activity. Problems that go beyond external relations proper and that are rooted in the incompleteness of the economic reform, in the general imbalance of the Soviet economy, and in delays with the formation of a real, full-fledged market in the nation, are a hindrance.

Problems Waiting To Be Solved

Soviet foreign economic relations obviously cannot be healthier and more effective than the economy upon which they are based. It is specifically its disproportions and imperfections that are mirrored in the state of the structure and the mechanism of this activity in the USSR.

The most important point is that plans for the radical modernization of the locomotive of industrialization of Soviet exports—national machine building—are not being fulfilled (or are being fulfilled for subjectively selected criteria). We recall that enterprises in this branch were the first to enter the foreign market and were provided with high currency deduction norms, DVK, and credits.

Ministries in the machine building complex account for up to half of USSR machinery exports: 119 leading enterprises producing three-fourths of the volume are specialized accordingly.³ In order to modernize its products, it is planned to increase the share of R&D from 9.6 percent of the total volume of capital investments under the 12th Five-Year Plan to 20 percent in 1995 and 25 percent in the year 2000. However it appears that "sights" of these efforts are "slightly out of alignment," just as they are nullified by the low plan-contract discipline of machine building enterprises.

Thus machine builders are still oriented toward raising almost 90 percent of their product mix to the world level (even though it would be much more effective to select its sensible rationalization). Moreover, the criteria of the attainment of this level are in large measure subjectively determined and are oriented not toward world parameters, but rather toward the same national parameters. There is no other explanation for the fact that while 61 percent of the machine-technical products produced in 1988 bore the state Quality Emblem, only 1.1 percent of their total volume was exported to competitive Western markets.⁴

Nevertheless, even within these limits the machine building complex demonstrates the inertia of its "intra-union" attitude toward the fulfillment of its obligations. It fulfilled its export plan for 1988 by 94 percent, including the plan for deliveries for hard currency—by 60 percent. The corresponding ministries have not as yet been able to make the foreign trade firms of their enterprises operate effectively. They become more involved with oversight functions than with facilitating their activity. Nor are deliveries for 1989 entirely covered by export contracts. In order to make machinery exports more competitive, 175 licenses were purchased abroad between 1985 and 1988. They make it possible to cut product modernization time to 2 years instead of 5-6 years. In actual practice, however, only 63 licenses were utilized during this time, while the share of exports of products based on them was only 1 percent compared with the general export quota for machine building products: 4 percent.⁵

The policy of individual ministries and departments on imported equipment packages was also a case of mismanagement. In 1988 only 57 of the 118 facilities scheduled to be put into operation on the basis of imported equipment were actually commissioned. The result was a shortfall in planned output in the amount of 1.8 billion rubles. Paradoxical though it may be, plants using imported equipment were built even more slowly than those using domestic equipment. Moreover, the warranty period of one-third of the uninstalled imported equipment has already elapsed. In particular, 470 million rubles' worth of uninstalled imported equipment has already accumulated in Ministry of Ferrous Metallurgy warehouses; Ministry of the Chemical Industry—311 million; Ministry of Fertilizers—257 million; Ministry of Petroleum Refining and Petrochemical Industry—222 million rubles. At the same time, a number of the indicated ministries are fighting for the construction of imported "construction projects of the century" in Western Siberia and in Tengiz, even though they are not even supported by feasibility studies.

It is also a fact that the nation's foreign economic mechanism cannot be more effective and perfect than its basic internal economic mechanism. The incompleteness of the price reform, delays with the mass introduction of wholesale trade, and the destabilization of the nation's finances are the primary "sore points" of the latter. Rough drafts of new wholesale price lists have been prepared. But they have not consistently brought the proportions in national wholesale and world prices closer together as envisaged by the reform. The system of Soviet internal prices threatens to remain isolated from the world system in the future as well, to be unreceptive to comparative international production costs.

Such a situation is fraught with numerous negative consequences. First of all, it makes it extremely difficult for enterprises to maintain uniform, comprehensive *khozraschet* in internal and foreign economic operations. The possibility is not excluded that under such conditions the new exchange rate of the ruble that replaces the

DVK will once again have to be made multiple in order not to ruin a significant number of export enterprises. What is more, the economic substantiation of the new exchange rate itself, that is to be calculated in the new prices, will also be reduced. Finally, without substantiated prices it will be extremely difficult to make an intelligent determination of the concrete rates of the customs-tariff of the USSR.

No fewer problems are generated by the protracted transition to wholesale trade. Without this, there can be no real and competitive internal market in the USSR. Without this it is impossible to realize the principle of freedom (alternativeness) of choice of internal and external economic operations by enterprises. Only developed wholesale trade can effectively resolve the supply problem of joint ventures and, on a broader scale, the problem of forming a unified market of CEMA member nations as an aggregate of their reciprocally open national wholesale markets. It is not by chance that the Soviet system of non-tariff regulation of foreign economic relations, which is the exact opposite of the practice of all other countries, is oriented primarily toward exports and not imports and protects the national market not against competition from imports but against the exporting of goods produced under license.

All these phenomena in concentrated form are grouped around the problem of moving the Soviet ruble in the direction of convertibility. Contrary to a number of divergent opinions, such convertibility cannot be the initial instrument for reforming foreign economic relations and their role in the Soviet economy, but to the contrary, can only be the end result of these reforms.

Of course, the program collectively devised by specialists for making the ruble convertible includes four stages (prerequisites). First, the stabilization of the nation's internal finances because the Soviet ruble cannot be respectable in the world money markets if it is weak at home. Second, the calculation of its new, economically substantiated exchange rate on the basis of competent price reform. Third, the realization of the "internal convertibility" of the ruble, i. e., its performance of all monetary functions within the USSR, which can be provided only by developed wholesale trade and its domination in intra-union economic circulation. Fourth, the creation of a competitive base of industrial export in the USSR that is capable of keeping the ruble's exchange rate from fluctuating.

Unfortunately all these prerequisites cannot be realized in the USSR before the end of the '90's. Obviously the Strategy of Foreign Economic Relations of the USSR will be realized and the foreign economic reform will begin working within the same period of time. Even though this period seems long (it is only 10-11 years), it is a realistic period, as shown by the international practice of such reforms.

It is now already clear that the success of perestroyka will depend in large measure on the degree to which its foreign economic component is activated. This same factor will largely determine the position of the USSR in a future, economic-minded world free of force. Therefore the effective involvement of the world in the international division of labor and the skilled management of the Soviet foreign economic complex under modern conditions becomes not only an economic but also a general political and party task.

Footnotes

1. The USSR State Committee for Statistics estimates that 8 out of 15 republics have a negative balance in interrepublic exchange (the Central Asian republics, the Baltic republics, and Kazakhstan) and that if this exchange were calculated in world prices only the Russian Federation would have a positive balance. The reproductive process of the Baltic republics, to which 27-30 percent of all consumed goods are shipped, is dependent to a particularly high degree on the union market. The situation is exacerbated by the fact that these republics' own foreign economic potential is slight and does not make it possible to count on a comparable influx of such goods from abroad because their own exports amount to only a few million rubles each.

2. For more detail about GAT1, see MEMO, No 8, 1989, pp 34-44.

3. Including 28 enterprises belonging to the Ministry of the Machine Tool and Tool Building Industry that accounts for 72 percent of the branch's aggregate exports; Ministry of Heavy Machine Building—21 enterprises (69 percent); Ministry of Agricultural and Tractor Machine Building—24 enterprises (75 percent); Ministry

of the Electrical Equipment Industry—14 enterprises (86 percent); Ministry of Construction, Road, and Municipal Machine Building—14 enterprises (89 percent); Ministry of Chemical and Petroleum Machine Building—9 enterprises (72 percent); and the Ministry of Instrument Making, Automation Equipment and Control Systems—6 enterprises (26 percent).

4. For the Ministry of the Electrical Equipment Industry, these indicators were, respectively: 70 and 0.5; Ministry of the Machine Tool and Tool Building Industry—70 and 2; Ministry of Instrument Making, Automation Equipment and Control Systems—67 and 1. The MVES estimates that only 12-14 percent of the exported machine-technical products actually correspond to the level of foreign analogues and that 62 percent should be removed from the export list. The country's positions in the equipment package and capital construction markets are deteriorating. Its share in total machine exports, planned in the amount of 24 percent for 1988, was actually 15 percent; in 1989 (owing to limited conclusion of contracts and reduced competitiveness)—21 and 11 percent, respectively. In other words, there is the increasing apprehension that the development of Soviet machine building will be oriented toward non-market, "report-intensive" reference points.

5. The Volzhskiy Auto Plant provides a graphic example. After purchasing approximately 25 licenses for its models 2108 and 2109, it was unable to secure the certification of its vehicles in a number of Western countries and the flow of claims for the replacement of defective products increased substantially compared with previous models.

COPYRIGHT: Izdatelstvo TsK KPSS "Pravda", "Mirovaya ekonomika i mezhdunarodnyye otnosheniya", 1989

Scenario of Prague Events Examined

W42401191590 Moscow SOVETSKAYA KULTURA in Russian 28 Dec 89 p 7

[Special report for SOVETSKAYA KULTURA by TASS correspondent Valeriy Rzhevskiy: "Keys to the City of Prague"]

[Text] No presidential flag flies over the city of Prague. It was lowered on 10 December when G. Husak retired. The struggle for the highest governmental post in Czechoslovakia goes, by its very nature, to one candidate, and now there is no doubt that Vaclav Havel will inhabit the ancient halls of the presidential palace. The "civil forum" conducted an overwhelming attack supporting him, and all that remains are the hours, already counted, before the election of the president-playwright.

The scenario of events in Czechoslovakia was not written by V. Havel alone. Together with him, behind firmly closed doors, a "crisis staff", about which there is not a word in the press, is energetically studying the tactical maneuvers of strategists who, in a short period of time, broke down the corrupt, short-sighted former leadership of the Czechoslovak Communist Party and government. They fumbled so badly, so undermined faith in the party that they in fact disarmed themselves long before the explosion which followed the crushing of the student demonstration of 17 November. The chronology of the current month in Czechoslovakia is full to the brim. There were mass demonstrations, meetings, strikes, dismantling of the old and creation of a new government, the beginning of activity by political parties, the birth of new political powers and groupings. Society became mobilized and ideas of renewal and democracy took over the spirits of millions of people. In the person of V. Havel and his closest associates, they saw steadfast representatives of the people challenging the old order and the obsolete monopoly of a repressive bureaucratic apparatus. I myself got to see some episodes of V. Havel's unequal struggle against the dictates of those in power at the beginning of this year. The court judging him turned into a miserable spectacle further raising Havel's stature among the people, especially the youth. The search for truth in the turbid hangover of many years standing did not take too long. Only a spark was needed to ignite the explosive mixture of dissatisfaction.

In the days since 17 November radical changes have been made in the country at overwhelming speed. The speed of the "Czechoslovak experiment" is unequalled. It was driven by coarse errors and political miscalculations of the previous party and government leadership. This matter was discussed very critically at the extraordinary congress of the Communist Party of Czechoslovakia. But there were and are outside forces which speeded Czechoslovak reforms. Not pretending to detailed analysis, I shall bring examples which remained outside our field of vision in the euphoria of the "gentle revolution."

In cozy and attractive Liechtenstein not long before the "Prague fall," a meeting of people working out the strategy of a democratic revival in Czechoslovakia took place. The Prince of Liechtenstein himself took part; there was Karl Schwarzenberg, descendant of a well-known family and potential heir to substantial real estate in the Czech lands; there was Rudolf Strobinger, head Czech editor of Deutsche Welle radio, Professor F. Janouch of the charitable fund "Charter-77," and a number of other persons, including clergymen. It is completely possible that they most likely have first hand knowledge of this inconspicuous gathering. But for the time being they are silent, so I shall bring another example. Thousands of pilgrims from Czechoslovakia went to Rome where the canonization ceremony for Saint Anezka from the Czech royal family took place. Then a church service in Prague followed, during which she was honored. Omnipresent TV cameras showed the entire magnificent ceremony in the Church of St. Vitus to millions of viewers, not giving a moment to the person standing behind the church hierarchs—the grand master of the "Order of Cross-Bearers with Red Star." Mr Syrový did not claim attention on television. He is above that. He came here for another purpose—the interests of the church. These interests are most varied. For instance, Cardinal F. Tomasek announced a 10-year plan to recatholicize Czechoslovakia; clergymen of lower rank demanded a return of church properties at a session of the national committee of Prague. It became known that a regular attendee of Prague meetings, clergyman Vaclav, received a parish in the capital.

When the "Prague fall" got going, persons from the recent gathering in Liechtenstein appeared in Prague. Invited by V. Havel came K. Schwarzenberg followed by Professor F. Janouch in the company of an important American financier, G. Soros. Guests, guests... Quite a number these days. In the recent decades many were burned by the blizzard of unjust persecutions and repressions. I would not include with them T. Bata, ruler of a shoe empire whose foundation was laid in the beginning of the century. Bata Jr left Czechoslovakia in 1939. First he showed up in Egypt, then in Tanzania, and finally settled in Canada. He did not succeed in settling in the United States because his reputation was harmed by his father, whose two companies in the state of Maryland cooperated with Hitler's Germany. Now T. Bata conducts negotiations about giving help to the shoe industry of Czechoslovakia and does not want to hear of any compensation for what was lost in his native country. Only of moral rehabilitation. Incidentally, if the newspaper SVOBODNE SLOVO were to be believed, the first deputy chairman of the Czechoslovak Socialist Republic's government, V. Komarek, declared: "In the name of the government, we must apologize to the Bata family and offer them full satisfaction, not excluding the possibility of negotiations to replace the damage." The remaining guests do not discuss compensation—neither K. Schwarzenberg, nor the Prince of Liechtenstein whose ancestors centuries ago ruled over castles and estates here. To this we come in the contemporary democratic

world! And Vaclav Havel, judging by everything we know, long ago abandoned all claims to the Lucerne concert hall and the Barrandov movie studio, which used to belong to his family in the past. Among them, as noted in the newspaper LIDOVA DEMOKRACIE there is much earned merit in the antifascist struggle. All that was previously written about their cooperation with the Abwehr is a lie, the paper stated.

In the undeclared pre-election presidential campaign the swords of ideas have crossed. It is characteristic of the campaign that there were no programmed appearances of candidates for the post. Free elections cannot be examined by means of a program. That is only the purpose. Nobody really knows the program of the leading candidate. I have become personally convinced of this, questioning many people, supporters of V. Havel. There is a coarse struggle for power. Two candidates for the post of head of state remain. Furthermore, V. Havel stipulated that A. Dubcek will be at his side during this move to the presidency.

Too much power stands behind the present "Prague fall." The atmosphere today is determined by the powerful of today's world, not thousands of meeting participants. An attentive observer, finding himself in the thick of events, cannot fail to feel it. The Czechoslovak Communist Party found itself in opposition; the primacy of its party organizations in enterprises, the army, organs of the Ministry of the Interior, in mass information media is being liquidated. After the cruel repression of demonstrators, the national security corps lost confidence and has, in fact, been rendered impotent. The army remained. Constitutionally its commander in chief is the president of the republic. He will be a guarantor of democratic reforms; today almost everybody is convinced of it. Surely all actors in today's drama probably remember the words of the national hero Jan Zizka: "Who rules Prague, rules Czechoslovakia." Bismarck developed his thought, having announced that he who rules Czechoslovakia has the key to Europe. However, for now, the question being resolved deals with the transfer of the keys to the city of Prague.

Chile's Communist Party Central Committee Member on New Government

90UI0375A Moscow PRAVDA in Russian
13 Feb 90 Second Edition p 5

[Interview with Oscar Asocar, member of the Chilean CP Central Committee's Political Commission, by A. Zagorskiy under the rubric "Our Interviews": "The Position of the Chilean Communists"]

[Text] [Zagorskiy] What is your evaluation of the results of the country's presidential elections?

[Asocar] The election of the leader of the opposition Patricio Aylvina to the office of president of Chile on 14 December was a very important victory. It signifies a breakthrough on the road to democracy and we, the communists, consider the current situation a positive one. New opportunities present themselves for the people's struggle to broaden democratic rights, the goal of all of Chile's progressive forces. It is now the main goal of our party too, considering that the new government's accession to power on 11 March will not lead to the elimination of all the legacies of fascism. Pinochet and the pro-Pinochet circles will continue to retain important aspects of power for some time thanks to the government structures, the constitution, and a number of laws they created. To a certain degree this binds the government of P. Aylvina, fetters its activity, and keeps it from satisfying even the most urgent demands of the Chilean people.

[Zagorskiy] What should be done to hasten the process of democratization in Chile?

[Asocar] From our point of view, if greater democracy is to be achieved one must first mobilize the masses. The people must become the primary force in the country so that by its struggle it stimulates a solution to this task. Today's contradiction between dictatorship and democracy is also the contradiction between the desire of the reactionary, right-wing circles to follow the main outlines of the former economic and political models and, on the other side, the yearning for genuine freedom experienced by a huge majority of the population. Under these conditions we consider it very important to rally all the democratic forces—those which belong to the new government as well as those which do not. The CPCh (Communist Party of Chile) belongs to the latter. The party intends to support and defend the democratic government, maintaining at the same time independence in our approaches and evaluations. We call our position "constructive independence."

[Zagorskiy] What first steps should the new government make in your opinion? Do the communists intend to render it all possible support?

[Asocar] It is very important for the government to show its readiness to resolve the most serious problems and at the same time to be guided in its functions by the activity of the people. With regard to this, we note with a certain uneasiness that sufficient firmness is not always to be

observed in the statements of some representatives of the new government concerning attempts by the dictatorship to reserve power for itself. Apparently, everything will become clear in the course of the next few months. I repeat that we are prepared to cooperate with the government of P. Aylvina and support it in all its activities which are in the interests of the people. I speak about the resolution of social problems and about the satisfaction of the demands of organizations acting in defense of human rights.

[Zagorskiy] One of the most critical problems is the fact that many of the opponents of the dictatorship remain behind bars as before...

[Asocar] Yes, all political prisoners must be freed immediately. Incidentally, a group of about 50 political prisoners recently escaped from a prison in the capital. I think that this event, which elicited a great response in Chile, will help to develop a still more powerful movement in defense of human rights. And not only should political prisoners be freed, but the amnesty law should be abolished, the fates of all the dictatorship's victims should be publicized, and all those who bear responsibility for the crimes that have been committed should be convicted.

Summing up, I will once again note: In our view, a great step toward democracy has been made in Chile. But we must not be satisfied with what has already been achieved. The people and the government must struggle together for a full solution of the contradiction between democracy and dictatorship, for the final destruction of the military regime, and for the construction of a genuinely democratic society.

PCC Politburo Member Davalos on Ideology, Culture

90UI0318A Moscow PROBLEMY MIRA I
SOTSIALIZMA in Russian No 1, Jan 90 pp 22-26

[Article by Armando Hart Davalos, member of the Politburo of the Cuban Communist Party Central Committee, minister of culture of the Republic of Cuba: "From Deep Traditions to Socialist Philosophy: Ideology and Culture in the History of the Cuban Nation"]

[Text] National self-awareness, which promotes development of steadfast patriotism and boundless love of freedom, and which was strengthened in the course of the struggle of liberation, and the yearning for knowledge, culture and a clear, widely accepted philosophy began to form among Cubans as the 18th century drew to a close and the 19th century began. They achieved their greatest expression at that time in the ideas of Felix Varela.¹ Since that time our hearts have been devoted to our motherland Cuba, motherland America and motherland Mankind. Herein lies the key to an understanding of the scale and acuity of the serious contradictions that arose in the past, and which not only our generation is confronting but the future generations will also have to confront.

Culture and sociopolitical ideology interacted in Cuban history in an extremely original form. Revealing the practical aspects of this problem requires strict scientific analysis. Let me note right away that our culture, its past, its highest manifestations, its creative spirit and its uniqueness are directly related to the birth and evolution of the Cuban nation. It would be suitable in my opinion to adopt as an important starting point Lenin's thesis concerning the presence of bourgeois culture and the culture of the laborers, of the exploited masses, at the foundation of class society.²

Superficial interpretation of this idea could lead to a mistaken assessment of the elements of Cuban culture inherited from the past and conflicting with our social ideals. On the other hand a dialectic understanding of it would lead to deeper and more productive analysis. How do we interpret Lenin's thesis and apply it to Cuba? I bring up this subject not with the hope of finding firm conclusions but in order to promote study, and to extract practical meaning from observations.

And so, did a deeply rooted national class culture, such as in Europe—for example in France or England, Hungary or Poland—exist in Cuba prior to the 1959 revolution? Did we inherit an essentially bourgeois culture, one typical of a conservative way of thinking? These are the principal questions to which I would like to find the right answer.

Of One Flesh With the People

I had the opportunity to work with representatives of the intelligentsia in different stages of the revolution—first in the Ministry of Education, and recently in the Ministry of Culture. It was my task to meticulously study development of the intellectual and artistic sphere in the country over a period of 30 years, as well as its political and social roots prior to 1959 and in the more distant past. Therefore I can confidently say that the revolution in Cuba did not inherit a conservative type of national culture: Our representatives in the arts, literature and culture firmly mastered progressive ideas.

It seems to me that the example of the prominent educator Enrique Jose Varona³ is most indicative in this sense. In his youth he was less of a revolutionary than in his mature years. The qualities of a revolutionary revealed themselves especially clearly toward the end of his life. A man of true culture based on the ideals of national self-consciousness, he survived the fall of the intellectual, moral and scientific tenets which existed then in the bourgeois pseudorepublic and on which he was educated. Inasmuch as they made up the essence of his consciousness, in the 1920s and early 1930s Varona closely associated himself with the left-wing movement, and ultimately accepted the socialist way of thinking.

Let's consider the greatest representatives of Cuban literature in this century: Nikolas Gilyen [transliteration]⁴ and Alejo Carpentier⁵. The former became a communist back in 1937. His works are deeply national in content. Gilyen attained the highest summits

of literature both for this reason and owing to his talent. Carpentier always ascribed to ideas associating him with left-wing forces, the writer's political views were identified with the revolution, and he also came over to communism. The roots of Carpentier's creativity are deep in the culture of our people, the countries of the Caribbean basin, and Latin America as a whole. He also rightfully took a place among the inhabitants of literary Olympus.

I could cite the names of other representatives of the highly talented intelligentsia, the expressors and champions of the ideas of Cuban culture. Among examples worthy of attention is Fernando Ortis Fernandes⁶. Having deeply studied social and cultural processes, national origins and the Afro-Spanish community, chiefly in the area of music, he ultimately arrived at radical conclusions and imbibed leftist ideas. Or take Amadeo Roldan, whose interest in seeking the origins of music and improving this art form is evidence that pursuit of research and creative goals in the area of national culture leads to national roots.

Mention can also be made of Jose Lesama Lima, as well as members of the group "Origenes" ("Origins")—an association of the heirs of literary traditions that came into being in the past century. They did not maintain the positions of a political vanguard; on the contrary they reflected the ideological and moral crisis in the middle strata of prerevolutionary society. Nonetheless in the 1940s-1950s their closeness to the people, and to their culture and creativity, encouraged them to reject the power of all bourgeois governments, which betrayed the historical ideals of the motherland of Jose Marti⁷. The group did not enter into antagonistic relations with socialism. It merged organically with the revolutionary process, occupying an extremely visible place in the national culture.

In Cuban culture, the primordial and original, creative spirit, and interest toward social research are intimately intertwined with the search for directly national manifestations. Why? The reasons may be varied, they are deep, but they are based on the country's political, social and economic history.

This conclusion is being confirmed by a study of the life path of a number of prominent politicians and persons of culture. Universal in its objectives, the democratic revolutionary movement, which acquired a clearly pronounced anti-imperialist nature through Marti's writings in the 19th century, had nothing in common with bourgeois ideology in either the political or the intellectual aspect. It is true that it accepted its most progressive views, but **Marxism transformed and developed them on an entirely different plane**. It never came into anyone's head, you see, to assert that historical materialism is built on a bourgeois class foundation.

The class nature of any ideological movement is not determined only by acceptance of prior ideas. Its typical

traits are the product of a specific historical situation, as well as of the society's social structure.

Two lines of development of public thought and culture revealed themselves in our country during the 19th century: one striving for independence and repeal of slave ownership; the other favoring a reformist spirit and Cuban autonomy. In the case of implementing the ideas of representatives of the latter direction, the country might have ended up with a system which would ultimately have acquired a bourgeois national nature. However, this approach was utopian. It was the reformists and autonomists and not the proponents of independence who turned out to be the dreamers. Historically, their ideas had their roots neither in the consciousness of the national bourgeoisie nor in bourgeois culture. As a class phenomenon, slavery and the colonial system was decisively opposed by all reformist programs, and it stood as an insurmountable obstacle in the path of all transformations. Nor could the plans of the proponents of independence develop in the early 19th century; their implementation was hindered by slavery and colonialism, as well as by the fear of the bourgeoisie's intentions to free the slaves.

Some of the reformists also had apprehensions brought about by patriotic sentiments. I am referring to the righteous concern that on separating from Spain, Cuba would fall into the "embrace" of the USA—in other words, there was a fear of annexation. Jose Antonio Sacco⁸ was perhaps one of the brightest representatives of progressive, bourgeois-democratic philosophy in the 19th century. This is precisely why we might have discovered, in the research of the reformists, the real embryo of the democratic bourgeoisie, which nonetheless was unable to awaken national culture. Sacco's limitation was that he did not attain a level of true Cuban self-consciousness that would be sufficient to permit him to understand that the country could be independent of both Spain and the USA.

This is precisely the variant which Varela clearly foresaw at the beginning of the past century, and Martí foresaw at its end. The democratic plans of the movement for independence were essentially based on repealing slave ownership, eliminating the colonial system, and ensuring that while Cuba would not be tied to Spain, it would also not fall into the hands of the North Americans. Such designs cannot be characterized as purely bourgeois, all the more so because in the presence of other conditions, the buds of a truly progressive democratic class might have appeared among landowners in the country's east. Representatives of these circles united with slaves, peasants and rural laborers, and offered their lives to the altar of their fatherland not in order that infamous bourgeois democracy would prevail after them, but so as to provide an example of social and humanistic deliverance, which new generations would have followed with resolve and courage worthy of admiration.

The shifts in social and class culture and changes in the numerical ratio of Cubans and Spanish in 1800-1868

were extremely significant. While in the first decades of the 19th century the Spanish colonies in America freed themselves from the Iberian yoke with reliance upon wars of the Napoleonic model and on the talent and unprecedented heroism of people such as Bolívar, Sucre and San Martín⁹, no such thing could happen in Cuba. Here, the roots of slavery were too deep, and Spain concentrated all of its forces and energy here in the hope of maintaining a hold on what was referred to as the "invariably faithful Island of Cuba." One way or another, over the course of several decades the island was populated by the progeny of impoverished Spaniards as well as of Africans brought here as slaves. This was elicited by unprecedented growth of sugar industry, which spread extensively throughout the entire country.

Inasmuch as the system of classes existing under those conditions created opposition to national development, the views of reformists and of the proponents of independence (within the framework of the Spanish crown.—Editor) never did penetrate into the nucleus of that which was to become the Cuban nation. They were unable to do so because such was the demand of the reality of the existence of classes. These views were subordinated to a greater or lesser degree to the interests of slave owners and colonists.

In the 20th century, under the pressure of American expansion, bourgeois views arose in our country namely from the conservative, autonomist and reformist traditions. If we look at who the main characters were in the first years of the bourgeois "reduced" republic, we might discover among them former reformists in addition to some proponents of independence, who accepted the ideas of the imperialists. The Cuban bourgeoisie was an appendage of North American expansionism, and its own aspirations were intertwined with the interests of the latter. Thus communists, those who fought against imperialism and the left-wing movement as a whole were destined to become the heirs of the culture and patriotic ideals. Julio Antonio Mella [transliteration]¹⁰ spoke of the need for studying what he called the "mystery" of the truly democratic program of the revolutionary Cuban party founded by Martí at the end of the 19th century.

The roots of this movement must be sought in the social structure of the Cuban people, as well as in the development of political and cultural views at the end of the preceding century. In the 1930s, in view of the social composition of society and growth of the size of the working class on one hand, and the existence of imperialism and its evolution on the other, there occurred a unique intertwining of the ideals of liberty and democracy with the ideals of socialist philosophy, of the ideas of a nation with the ideas of socialist internationalism, and in a form atypical of other cultures. This is an aspect of special significance associated with the founding of our first communist party by Mella and Balino¹¹. The combination of national revolutionary ideas with the internationalist principles of Marxism-Leninism attained special force as a result of the historical revolutionary feat of the Cuban people, led by Fidel Castro.

Synthesis of this sort is becoming a significant element of our political culture. On its basis we are striving to conduct a search for philosophical ideas, to develop research in the arts and to find the methods of artistic development of the individual, and of the forms of education. I am referring to pedagogics, to social ethics, to the nature of the Cubans, and to their temperament and education. This is the key to understanding what is meant by Cuban culture. We uphold that which is typically Cuban, in which the concept of a nation and the worldwide mission merge together into inseparable unity, compelling Marti to exclaim: "The Motherland is Mankind."

Now I would like to illustrate how these ideas are being embodied in the specific acts of our days, and what the direct political significance of such conceptions is. They are at the basis of Cuban cultural policy, and recently we received confirmation that its principles remain in force. This happened with the appearance of a document called "Santa Fe II"¹². It reflects the approach of the ultraright in the USA toward Cuba and Latin America in the 1990s. Let me present some passages from it, clearly showing how our enemies interpret these same issues.

The Santa Fe II Document

"Antonio Gramsci (1891-1937), the main theoretician and innovator among the Marxists, felt that culture, or the society's system of values, prevails over the economy. In his opinion a democratic regime must be won not by the laborers but by representatives of the intelligentsia. Gramsci feels that the majority of the people profess the universal values of their society, but they do not realize why they adhere to their views, and primarily how they acquire these views. It follows from this analysis that the regime can be controlled or formed by means of a democratic process in the event that Marxists find themselves able to create hegemonistic common national values."

This is an example of a reactionary interpretation of revolutionary thought. Gramsci gave an explanation entirely opposite to that presented in the cited passage. Although some of our views pertaining to culture coincide with certain of Gramsci's conceptions, they came into being not under the influence of the Italian communist theoretician, but they were born in the history itself of Cuban society. What troubles reactionaries the most is that its evolution, and consequently the evolution of social ideals, led to the triumph of the ideas of Marx and Engels. That is the essence of the matter.

The authors of the document go on to assert that we communists adhere to an "etatistic"¹³ conception. An attempt is made here to seemingly "reject" the etatistic principle and "defend" the interests of society. Nonetheless the report quite insistently appeals to imperialists to rely on permanent state institutions—the army and the judicial system—in their relations with Latin America. Serving bourgeois principles, these institutions, after all, primarily support domination within the sphere which

makes up the nucleus of such a state. Moreover when its organizations that are defined as "permanent" in the document, and the army in particular, enter into conflict with imperialism, they turn against themselves.

The Santa Fe II document is rather long. We are accused of defending cultural distinctiveness, and developing our own interpretation of history. Were we not accustomed to perpetually hearing such sort of claims, these declarations might be called unique and paradoxical in the least. He who reproaches Cubans of "etatism" deprives them of the right to be themselves, ascribing to the peoples of Cuba and other countries of Latin America the right to openly discuss matters of national distinctiveness.

Our culture is based on a strong revolutionary foundation. And within the specific conditions of the republic it is an element of an enormous **revolutionary potential**. It is precisely for this reason that reactionary forces of the USA attack it, and why their allies of Cuban origin who have divorced themselves from the people do not have any kind of program, like the proponents of the island's annexation by North Americans in the past century.

In fact, autonomists and reformists of the past, as I mentioned earlier, maintained conservative positions that never did become accepted in the Cuban nation. The proponents of annexation rejected the very existence of a motherland, and for this reason never did make any contribution to the cultural sphere. And modern annexationists are unable to offer any productive ideas either, even with the help of ultraright North American programs. It is entirely obvious that together with Cubans who betrayed their country, the ruling circles in the USA are not about to suggest an alternative to our national culture, or a new system of values for Cuba which would be capable of replacing the patriotic program infused with socialist philosophy. Are any sort of substitutions really possible here?

Next, the cited document, I repeat, condemns us for adhering to "etatistic" conceptions: As if we Marxist-Leninists have been trying to implant some foreign body into the country's organism. Accusations that we are attempting to impose communist ideals from without are truly paradoxical and blasphemous. Such accusations originate with the enemies of the Cuban nation, such as the ultraright in the USA.

A most instructive lesson can be learned from the dialectics of the Cuban revolution in the 1950s. It allows us to assess with full clarity the manner in which patriots, revolutionaries and democrats—in the national interpretation of these concepts—became communists and Marxist-Leninists. We became such because **Marxism corresponded absolutely to the interests of the country, as well as to the historical process of the birth of national thought and culture**. The complexity of the problem encountered by right-wing circles in the USA lies in the fact that socialism sprang forth from the subsoil of Cuban society. This is why reactionary forces are so fearful of a repetition of the same phenomenon on a scale of Latin America.

This is why our cultural interests and the educational system have the objective of developing the revolutionary program which was inherited from the past by the Cuban nation and which, I repeat, is closely intertwined in our century with the **ideas of socialism**. This line arose from the history itself of Cuban society, on the soil of its social and class evolution, and development of its ideals and thought as a nation. Realization of this is the starting point of our efforts, the goal of which is to develop the country's culture.

Unable to propose a program to preserve Cuban distinctiveness, imperialist forces are attempting to undermine the plans and ideas of socialist Cuba regarding culture. I am referring to direct subversive actions and ideological traps stimulating people to behave in the spirit of all-permissiveness, laxity and anarchism. This is why we believe that one of the fundamental tasks of the country's cultural front is to counteract all immature or anarchic tendencies.

Clearing Dogmatic Obstructions

The system of moral, social and cultural values in the republic is being perfected on the basis of an intellectual movement. If we allow ourselves to be nurtured by these roots, and if we are able to create optimum programs and values on this foundation, we will avoid the dangers of dogmatism. Cuban culture is in all of its essence opposed to dogmatism, and it is alien to the national character of the people. In the past, dogmatic tendencies were imported into Cuba, or they were brought into being through ignorance. Thus it is a direct responsibility of communists to build culture based on a foundation of history and national spirit.

In order to fulfill this responsibility worthily, we will have to widen the flow of information on processes occurring in world culture, and openly and deeply discuss arising problems. We fear neither information "explosions", nor the development of criticism in the cultural sphere, nor open debate, on the condition that all of this is done on the basis of cultural and ethical ideals deeply ingrained in national history.

Clearing dogmatic obstructions that accumulated over the past decades and eradicating anarchist tendencies, which take their strength directly from self-satisfied ignorance, is very important to the culture's enrichment. This can be achieved exclusively within the framework of the historical process which began back in the late 18th and early 19th centuries, and which in our days has acquired the form of continuous consolidation of the ideals of socialism in Cuban society. Our membership to Latin America and to the Third World and our faithfulness to internationalism are based on historical preconditions.

This approach is highly meaningful to research on social and cultural problems, to the study of our philosophical ideas, and to analysis of the methods and forms of education and artistic development of the personality. It will also help us to analyze the status of political and

legal institutions, and the evolution of economic thinking in the subsoil of Cuban society.

All of this is extremely important to daily activity. Since these days, when a number of the values of socialism, which had been universally recognized for decades, have been subjected to doubt, we feel that we need to seek our own ideological road and direction of research with even greater purposefulness. After all, the Cuban nation is an organic component of Latin America, and of countries of the Caribbean basin, and it exhibits an extreme tendency toward universalism. At the same time the hegemonistic aspirations of ultraright circles in the USA to continue the course toward Cuba's annexation have not diminished. This remains a real threat to our society, as long as North American imperialism exists. These aspirations may be opposed ideologically only with reliance upon the **political and social content of Cuban ideas**.

We are striving to find new ways of intellectual development based on the historical experience. This will make it possible to utilize the powerful cultural potential to rebuff tyranny and anarchy, and to fight simplification and dogmatism generated by ignorance or imported from without. Thus for example, attempts to orient us on the theory of "socialist realism" were undertaken in our country in the name of Marxism; in my view this was a serious theoretical and political mistake. This is why this theory was not laid at the basis of the cultural policy of the Cuban revolution. Hence it follows that we are now in more-favorable conditions for gaining a deep understanding of the problems of art. It may happen that some countries embarking upon an effort to correct previous mistakes will find themselves without the artistic sources of former years, and will be unable to capitalize on a gigantic creative upsurge, such as the one observed for example in the first period following the October Revolution in Russia.

With the beginning of the Cuban revolution, Fidel Castro developed a cultural policy which we have been consistently pursuing with greater or lesser success, and with certain errors that have not affected the essence of the effort. What have we managed to attain? A situation in which **intellectual forces have found themselves in the vanguard of the process of revolutionary transformations**. Yes, we are pursuing a particular policy, and we do not conceal this, since it is a policy of the people, of real humanitarianism, of revolution. Had it not been for a number of mistakes, I am certain that we would have been able to put theoretical gifts and talents into the service of enriching the society's spiritual life in full measure—in accordance with socialist ideals.

Defending the culture, we will be the best Cubans, the best Latin Americans, the best internationalists. The ideas of Marxism-Leninism, the Latin American way of thinking exemplified by Marti, and the free-thinking humanitarianism of Che Guevara and Fidel Castro intertwine into the spiritual countenance of modern Cuba. Such is our culture, the values of which we revolutionaries and communists are striving to analyze

and multiply. Inspired by its love of freedom, we are creating the political and moral foundation for ideological repulsion of the imperialist enemy, and for simultaneous unification of the peoples of America.

Footnotes

1. Philosopher and public figure (1789-1853) who favored independence of Cuba and repeal of slavery.—Editor's note.

2. See Lenin, V. I., "Poln. sobr. soch." [Complete Collected Works], Vol 24, pp 120-121.—Editor's note.

3. State and public figure, philosopher, writer (1849-1933). Participant of the Cuban War of Independence (1895-1898). Opposed Spanish colonial domination and American imperialism.—Editor's note.

4. Poet and public figure (1902-1989) who served as chairman of the Cuban Writers' and Artists' Union. Laureate of the international Lenin prize "For Reinforcement of Peace Among Nations".—Editor's note.

5. Writer, diplomat, public figure (1904-1980), one of the active participants of development of socialist culture.—Editor's note.

6. Scholar, specialist in history, sociology, ethnography, anthropology and folklore (1881-1969).—Editor's note.

7. National hero, one of the organizers of the struggle of liberation against Spanish colonial oppression, philosopher, poet, publicist (1853-1895).—Editor's note.

8. Politician, historian (1797-1879). Fought for elimination of the slave trade and for granting autonomy to Cuba.—Editor's note.

9. Leaders of the war of independence of Spanish colonies in America in 1810-1826.—Editor's note.

10. Official of the Latin American youth and workers' movement (1903-1929). Took an active part in creation of the Cuban Communist Party. Was one of the founders of the Anti-Imperialist League of America. Assassinated by an agent of dictator G. Machado.—Editor's note.

11. Carlos Baliño (1848-1926)—revolutionary, a propagandist of Marxism. Together with Jose Marti, was one of the founders of the Cuban Revolutionary Party (1892). Participated in 1925 in the creation of the Cuban Communist Party.—Editor's note.

12. A report prepared for the U.S. president (for greater detail, see PROBLEMY MIRA I SOTSIALIZMA, No 7, 1989).—Editor's note.

13. Etatism—a conception of basically modern bourgeois political science meaning hegemony of a state in the economic and political life of the country.—Editor's note.

Panama's People's Party Secretary on Party's Role, Ideology

90U10319A Moscow PROBLEMY MIRA I SOTSIALIZMA in Russian No 1, Jan 90 pp 30-34

[Article by Ruben Dario Sousa, general secretary, Central Committee, People's Party of Panama (PPP): "The Ideals Are True, the Practice We Will Change"]

[Text] The changes occurring in the world are shedding new light upon the issue of social class forces capable of playing a leading role in social transformations of the late 20th century. The status and prospects of the communist movement at the international and national levels are being discussed extensively in this connection, including on the pages of the journal PROBLEMY MIRA I SOTSIALIZMA.¹

Bourgeois ideologists are perpetually asserting that "Marxism is in crisis." However, attacks upon it have ceased to be the monopoly of politicians and theoreticians defending capitalist values. The opinion that it "has exhausted itself," and that communist parties and the communist movement are experiencing difficult times, is also sometimes being expressed openly or indirectly among left-wing forces. Without making categorical generalizations, I would like to express some ideas.

Crisis situations have in fact arisen in the development of Marxism. Also obvious is the fact that communist parties—the natural bearers and expressors of the socialist alternative in its pure form—are in a time of difficulties. Some of them have transformed into closed, isolated groups, they are losing out in competition, and consequently they are assuming relationships of rivalry and, frequently, confrontation with forces which should be their allies (objectively and subjectively), or even more—a massive base in the struggle for democracy and social progress.

Crowded out of the political arena, communists lost the support of the workers. They traditionally relied upon laborers of old, waning sectors of industry, and tried only to delay their objectively grounded dismantling. In those spheres in which new types of labor relations and management techniques arose, they were unable to find a mass base. The intelligentsia drifted away from them, disapproving of their closed ways and their inability to react to the changing situation.

A certain part of the communist parties either ignored the serious changes in the conditions of their activity or, while accepting them and even making serious attempts at their scientific analysis, were incapable of utilizing the results of theoretical enquiry in the practice of the class struggle. The influence of crises in the course of socialist development also doubtlessly had important significance.

For a long time, we in Panama have in a sense placed an equal sign between the need for solidarity with the

motherland of socialism and a fundamental assessment of the experience of the USSR and the CPSU. In some ways the methods, forms and results of the activities of Soviet communists were transformed into fetishes. The vision of the new society which we transmitted to the masses did not have a positive influence on them, it ultimately damaged our prestige, and it reduced trust in communists.

The minds and hearts of the people cannot be won by embellishing socialism. Changes occurring in socialist countries are leading to recognition of its real problems, and to an understanding that creation of the new society is a matter of the masses, as is surmounting the serious contradictions and enormous difficulties elicited not only by hostile actions but also sometimes by the mistakes and omissions of certain ruling parties—something which the CPSU has the courage and the principles to declare.

It seems to me that one of the greatest mistakes of both practical workers and theoreticians is that they got ahead of themselves, that they established the time of the victory of the new social structure too early. This was expressed in particular by attempts to portray what was desired as reality, and to proclaim development of communism to be the order of the day in places where it did not yet have the socioeconomic base it needed.

"Communists believed relatively recently that the 20th century would be one of the worldwide triumph of socialism"—that is according to a debate titled "Unity in the Conditions of Diversity. The Communist Movement: New Realities, New Possibilities" published in *PROBLEMY MIRA I SOTSIALIZMA*. "But it is now clear that no matter how great the natural desire of bringing the hour of victory closer was to revolutionaries, this goal is now being put off until a later time. The truth is that we understated the capacity of capitalism for adapting itself to the new conditions of the overall crisis, and its viability, while concurrently exaggerating our expectations of the swiftness with which the influence of socialism could spread."²

However, the fact that many potentials for creating a new social structure were not fully utilized for years on end, and that we communists are encountering serious difficulties, does not in my view refute the basic point—faithfulness to the idea of Marxism-Leninism and to the goals of the first socialist revolution, but only attests to omissions and weaknesses in our work.

I am certain that today's assessment of the essence of socialism cannot differ in the main from that which millions of laborers in all corners of the earth made immediately following the victorious revolution in Russia: Something unprecedented and grandiose, something which was destined to alter the course of history and the very countenance of the planet, had occurred. Old, seemingly unshakable truths were overturned. Socialism transformed from a utopia into the concrete

experience of transformation of society, which confirmed the rightness of the ideals and the demands of the laborers in their struggle for liberty, justice and peace.

No one is about to dispute the fact that the last decades were characterized predominantly by political and social processes which had their origins in the October Revolution and were intensified as a result of it. The revolution was a powerful stimulus to laborers of the entire world to organize and fight, and it opened up a path for hope, for the spread of the ideas of socialism, for a search for new forms of social transformations. I am certain that even today, this impulse, these dynamics have far from exhausted themselves. The process of development of socialism is a source of experience which we are constantly pondering, extracting new lessons.

Socialist ideas have extended deep roots. Millions of people associate with them the prospects of attaining justice, of creating a humane society, and of the triumph of the values of all mankind. As an ideal, communism is still powerful. But no one can predict how and when it will be realized. Alternatives, dangers and dead ends in the historical process that had not been foreseen by theory have now revealed themselves, and predicting the future of this process has become extremely difficult.

In Marxist thought, as in all other thought, there is an element of relativity; the movement along new, unexplored paths of history is proceeding by trial and error, and often at the price of defeats. I think that it is very important today to minimize this relativity, and most importantly, to avoid mistakes as much as possible, especially in the international area, since their consequences may be irreparable.

Today, any delay in development of theory, and subordination of social sciences to obsolete ideological stamps, can lead to failure. Our collective Marxist thought must determine the directions of the struggle for social renewal. Among them I would name the following: qualitative improvement of socialism, and assimilation of the accomplishments of the scientific and technical revolution; comprehensive democratization in socialist countries; expansion of the mass base and of political alliances of communist parties in capitalist and developing states; maintenance of unity in the ranks of the workers' movement; reinforcement of the union of the forces of socialism and national liberation.

By itself, however, theory cannot automatically bring about practical changes. Purposeful activity requires competent organization. Only then will the idea materialize in substantial, concrete acts. It is important primarily to soberly ponder the political reality of our days, to realize that the old forms of life are already behind us, and to part with what has exhausted itself and is now restraining development of our movement.

In my opinion the difficulty is that the components of the new situation and the stages by which it is reached have not been thought out completely. Only science

makes it possible to see tomorrow, to predict and "calculate" it. This is why we need both general theory and detailed development of a political line. People no longer perceive abstract slogans, no matter how eloquent they may sound. We will be successful if we accurately determine the real needs of today, and make a contribution to resolving the contradictions of our society and the global problems of mankind.

The main characteristics of a scientific revolutionary consciousness, and of policy based on it, continue to be the desire to reveal the true state of affairs in the surrounding world, self-criticism and realism, receptiveness toward arising new realities and tasks, and thoughtfulness and boldness in theoretical enquiry and in practical actions.

No one has a monopoly on the truth. We want to maximally utilize the best accomplishments of non-Marxist thought as well. V. I. Lenin himself noted that "history in general, and the history of revolutions in particular, has always been richer in content, more diverse, more varied, livelier, and 'more cunning' than imagined by the best parties, the most conscious vanguards of the most progressive classes."³

What we are talking about is the ability of communist parties—in an alliance with all progressive and democratic forces—to express the objective need for transforming modern capitalist society. Moreover, through the prism of the interests of not just one class but of the overwhelming majority of citizens. I think that this approach, its practical implementation, may elicit mass perception of socialist ideas by broad movements in favor of democratic and progressive development of mankind as a whole and of each nation separately.

What inspires us is not the spirit of adventurism or thoughtless rage, but conviction in the rightness of the cause we serve. It is precisely on conviction that the political and organizational choice made by the party is based. This ensures fulfillment of its function, which entails not only explaining reality but also making preparations for the needed changes.

What path do we follow now? I think that the general strategic direction is further development of theory and renewal of practice, democratization of internal party life, and reinforcement of international ties. We will seek approaches that will permit all of our activities to meet the challenge of the times. And in no case must we slip into simplification, since it can transform viable ideas into new dogmas.

We are now undergoing serious discussion of the paths of the party's transformation. In the course of sincere, democratic debates we are outlining a policy which would make it possible to strengthen the PPP, contrary to the assertions of those who doubt in its viability and in the need for existence of communist parties. Concurrently we are developing a strategy of cooperation with other left-wing forces. I feel that the party is called upon not only to openly examine arising problems but also to

seek a new means of self-expression. This means that in dialogue with people, we need to reject abstract terms incomprehensible to them.

Analysis of the economic problems of modern society, of social stratification and of production and social relations is not the prerogative of a narrow group of specialists, but the matter of all members of the PPP and its primary organizations. In order to win the minds and hearts of Panamanians we must discern the distinct characteristics of all new phenomena of life, and explain them in a form which would be understandable to other political forces, social movements and individuals.

The selected path obligates us to constantly be in the thick of political and social battles, to explain, debate, persuade, avoid inertia and narrowness of views, attentively heed the voice of the masses, and feel the pulse of their life. Observance of these conditions can raise the people's trust in the party, strengthen its positions and replenish its ranks with an influx of young people.

The composition and structure of the PPP are undergoing change. In former times it was organized chiefly by place of residence or employment. We are now also creating cells in trade unions, public organizations and movements. In the past, the main attention was devoted to party growth due to industrial workers. Now we also have a significant faction consisting of civil servants.

The PPP utilizes the life-tested principle of democratic centralism in its internal life. This principle allows us to avoid imposition of anyone's narrow, particular views and decisions on the party and to overcome the disagreements and even the conflicts that arise. At the same time it ensures unity of actions and commitment of all of its forces to attainment of selected goals.

The issue of the Communist Party's independence arises when we initiate cooperation with public organizations and social movements. It is far from new; its theoretical development was a pursuit of the founders of Marxism-Leninism. Nonetheless the debates are still going on. Today they are brought about by the swift growth of progressive, revolutionary forces, and by the need for optimally utilizing all of society's anti-imperialist potential.

Our basis is that every communist party must approach examination of these problems, as well as development of its policy in general, chiefly with regard for the concrete conditions of its activity, with reliance upon its own experience. As far as the PPP is concerned, whenever we are advised to reconsider our ideology, and our tactical and strategic principles, and reject our organizational structure, we firmly answer "No". Let me explain why.

Today in Panama, as in other developing countries, the ruling bourgeoisie is striving primarily to preserve the exploiting structure. For this, it hopes to keep the demands of the laborers predominantly at the economic level, to quench dissatisfaction in society by means of all

kinds of reformist recipes. The hope is that the popular masses will not come to comprehend their real interests, and will instead follow the lead of parties and leaders preaching ideas and decisions that would not jeopardize domination by the bourgeoisie—in other words, that the working class and its allies will be deprived of their ideological, social and political independence.

These are precisely the roots of the fundamental opposition between the strategic goals of the bourgeoisie and the laboring people. Hence follows the need for independence in the policy and organization of the Communist Party, which is called upon to play the leading role in explaining the historical prospects to the masses and in mobilizing the laborers for the future. The experience of the international class struggle shows that socialism has not been victorious in a single country without a Marxist-Leninist party, one that is ideologically consistent and politically active.

We Panamanian communists believe that it is our responsibility to, besides all else, clearly formulate the strategic goals of the class struggle of the laborers and point out the real path of the country's forward progress namely toward a socialist future. We also believe it our responsibility to achieve the most active participation of laborers in solving the urgent problems facing Panama and in asserting a leading role for the working class in democratic movements.

All of this makes us convinced proponents of the unity of actions of left-wing forces, and of all who oppose oligarchy and reaction. Life confirms the need for organized cooperation between detachments of the working movement with different ideologies and different points of view in relation to important political issues. But it is possible only if we recognize that we are different, and that we are cooperating as independent, equal partners. Only in this way will we be able to find the best joint solutions to the problems which the laborers constantly face.

Is our position not one of give-and-take, based on the fact that the PPP is a small party, that acting alone, for the time being it is unable to achieve much in the country's political life? Our answer is this: No, we are based on fundamental considerations. We feel that the struggle for renewal will bring forth success if the broadest masses of Panamanian laborers, the majority of the people, were brought into it. And this presupposes close interaction between the party of the working class and other democratic groupings. Without cooperation and unity of action, primarily by left-wing forces, we will be unable to surmount reaction, or change the basic structure of power. On the other hand only joint struggle creates the conditions for growth of the class consciousness of the laborers, which is necessary from the standpoint of the future of socialism.

But why is it that while we are developing cooperation with other forces we are firmly defending the party's organizational and ideological independence and rejecting the wishes of uninvited advisers who suggest

that we concede some of the party's independence with the promise of growth of its ranks and the number of its proponents in exchange?

We naturally want there to be more communists, we want their political influence to grow. But we are interested in growth of the membership and reinforcement of the positions of precisely the Marxist-Leninist party, which is consistently defending the interests of the laborers. After all, a large and influential party is not an end unto itself, but a means—a very important one—for attaining socialist ideals. The ship can always be turned with the wind, and in this way its speed can be increased, but this does not guarantee that it will reach its destination. We feel that we need to strictly adhere to the selected course, without yielding to the temptation of always sailing with the wind. If we are to hold the helm independently and firmly, we need patience and will.

Our approach to determining the place and role of the party in natural life is also applicable, we believe, to mutual relations within the international communist movement. In my opinion the forms that have evolved there provide each of the fraternal parties the right to develop and pursue their line completely independently, without any sort of dictatorship from without, in accordance with the socioeconomic and political features of their country, and wage a consistent struggle for peace, democracy and progress.

There does not exist, nor can there be, just a single path of transition to socialism in countries with completely different histories, differing social and cultural conditions, and dissimilar traditions of struggle. It is clear for example that in Panama, a class struggle cannot be waged on the basis of any ready-made recipes from without. Even within the bounds of Central America, mechanical utilization of experience accumulated in one country may produce a negative result in another. Therefore we reject any conceptions that do not account for the specific national features of the activities of communists.

We believe that the general class content of the philosophical positions of the parties making up the international communist movement is its uniting factor. While asserting their independence, Panamanian communists actively participate in international efforts directed at transforming the world, and they do so completely independently, guided by their own experience and understanding of today's problems. No one is imposing this position upon us. We simply cannot act otherwise.

Nor can we accept the idea stubbornly upheld by our adversaries that the success of communists might have been incomparably greater, had they not been constrained by international class obligations. In this way, they want to persuade us to abandon proletarian internationalism, and supposedly in our own interests at that. But such action would be totally impossible for Panamanian communists—representatives of a small country with sovereignty limited by presence of foreign troops and by dependence upon imperialism. International

support to progressive forces was and remains an important factor in the struggle of our people against internationally organized forces of reaction.

The modern world would be unimaginable without international ties—economic, political, military, cultural. What place does proletarian internationalism occupy in the structure of these ties? Is it the same as it was before? Or has it become something else? And if so, precisely what? All of these are not rhetorical questions in my opinion. I think that the nature of the relations of communists with real and potential allies inside the country and at regional and international levels depends in many ways on a well-grounded answer to these questions.

It is said that today's worker is no longer a proletarian. And it is true that his countenance is not entirely what it was, let us say, at the beginning of the century. However, it remains an immutable fact that he was and still is an object of capitalist exploitation, a person who is socially and, in essence, politically enslaved. Wherever capitalism dominates society, it keeps the worker in such a position in all things. Today our class enemy has become a more united, resourceful one. But has his social nature changed? Hardly not. Though perhaps taking different form, he remains the same as he was, and namely, an exploiter.

Relations between labor and capital continue to be antagonistic. Nor has the historical liberation mission of the working class lost its meaning. And changes associated with internationalization of capital, with imperialist integration and with coordination of the actions of reactionary circles in the world arena only intensify the need for international unification of laborers. Both the prospects and the concrete forms of society's revolutionary renewal are changing. But I feel that this makes the need for unity of communists, of all progressive forces, in deepening and developing internationalist traditions of the workers' movement even more urgent.

It is my conviction that such traditions continue to feed the unity of the international communist movement, the progressive development of which is predetermined by renewal of the structure of relations between communist and workers' parties. The process of improving the forms of unity has already led to positive results. This is evident from successful practical utilization of international relationships such as regional conferences of communist parties, bilateral and multilateral consultation on

various problems in the strategy and tactics of the anti-imperialist struggle, international campaigns of solidarity with struggling peoples, and so on.

The democracy of these forms, and the independence and equality of fraternal parties, are in keeping with the unique features and experience of their struggle, and with their desire to gain strong positions in the revolutionary and democratic movement. The atmosphere of friendly debate evolving in the communist movement, under which no one claims to have a monopoly on the truth, is objectively promoting convergence of the parties, and their unity in the conditions of diversity.

Over the course of decades, proletarian internationalism was an important source of power of communists. And today every national detachment of our movement rightfully includes, among its dependable political resources, solidarity on the part of fraternal parties. It is my conviction that this principle has not at all outlived itself. It does not suppress, but on the contrary stimulates independence, since it requires pursuit of a maximally effective policy, which also means a creative one which is in keeping with local conditions, the only kind that can make a tangible contribution to the common goal of the revolutionary struggle.

To our party, faithfulness to the principles of internationalism primarily signifies an obligation to solve precisely those complex problems which face the Panamanian people. Let me emphasize once again that we need international assistance and support in the struggle for the freedom, independence, sovereignty and progress of Panama. The fact that we are not alone, that we have allies in the international communist and workers' movement, gives us strength and confidence. And today, we must strengthen our ties and maintain unity more than ever before.

Footnotes

1. See for example articles by the leaders of fraternal parties in Bangladesh, Luxembourg, New Zealand, Norway, Lebanon, Canada, Finland, Switzerland and Ecuador. *PROBLEMY MIRA I SOTSIALIZMA*, No 6, 7, 8, 9, 11, 12, 1989.—Editor's note.

2. *Ibid.*, No 10, 1986, p 46.—Editor's note.

3. Lenin, V. I., "Poln. sobr. soch." [Complete Collected Works], Vol 41, p 80.

Ashkhabad Marks 40th Anniversary Of PRC

*18350033A Ashkhabad SOVET TURKMENISTANY in
Turkmen 4 Oct 89 p 4*

[Turkmeninform report: "We Must Introduce Good Relations"]

[Text] On 2 October a celebratory meeting marking the 40th anniversary of the establishment of the People's Republic of China was held in the conference hall of the Turkmen SSR Academy of Sciences. A. Bayramov, chairman of the Ashkhabad city gorispolkom opened it. A Babayev, president of the Turkmen SSR Academy of Sciences and chairman of the presidium of the Turkmenistan republic chapter of the Soviet-Chinese Friendship Society gave the report.

"A new period has begun in Soviet-Chinese friendship relations. We hope jointly for a strengthening of peace in

our countries, cooperation and mutual aid," the speaker said. Measures to strengthen friendly relations have already been noted. There are definite proposals on the establishment of fraternal relations between Ashkhabad and Lanchzhou, the capital of Gansu Province, and a delegation from this city is taking part in our meeting.

R. Kelasova, director of the Turkmen SSR State Archive, G. Myradov, director of the Economics Institute of the Turkmen SSR Academy of Sciences, and artist V. Shveykin talked about impressions remaining with them after having been in the PRC. At the initiative of V. Shveykin a retrospective exhibit devoted to the PRC was opened in the Officers' Garrison of the Soviet Army.

U. Yuanchin, head of the Chinese delegation and deputy chairman of the Gansu Province Planning Committee, spoke at the meeting.

Resumption of Diplomatic Relations with Israel Discussed

90U10337A Riga SOVETSKAYA LATVIYA in Russian
5 Jan 90 p 3

[Article by V. Bashkin, candidate of historical sciences (APN): "Arguments 'For' and 'Against'"]

[Text] Diplomatic relations between the USSR and Israel were cut off more than 22 years ago. The Finnish embassy has protected the USSR's interests in Israel, and the embassy of the Netherlands has protected Israel's interests in Moscow. This state of affairs can hardly be called normal from the standpoint of the development and reinforcement of international relations, and especially in the context of the Soviet Union's declared principles of the new political thinking. Nevertheless, the solution to the problem is not as obvious as it might seem. It is a complex issue with its own pre-history.

In November 1947 the UN General Assembly adopted a resolution on the creation of two states in Palestine—Arab and Jewish. The Arab state was never established, but this is not the subject of our discussion. The USSR supported the resolution and was one of the first to give de facto and de jure recognition to the State of Israel, declared on 14 May 1948. People in the Soviet Union recognized the right of the people to live in their own sovereign state, especially after they had been the victims of fascism. The peaceful statements of the Israeli leaders of that time were also taken into account. In August 1948 the head of the Soviet mission arrived in Tel Aviv, and in September Israeli diplomatic representative Golda Meir presented her credentials in Moscow.

In the beginning the relations between the two countries developed normally and were of a friendly nature. Many Israelis appreciated the USSR's support of their objectives. Soon these relations were affected by events connected with a new wave of Stalin's internal political terrorism—the campaign against the "rootless cosmopolitans," the "poisoner-doctors' plot," the murder of many members of the Jewish Antifascist Committee, and others. Zionist groups in Israel were quick to take advantage of these events to stir up anti-Sovietism and make provocative attacks. In February 1953 one of the groups on the extreme right set off a bomb on the grounds of the Soviet mission, wounding several Soviet citizens. The USSR responded by severing political ties. By July of that year, however, the status quo had been restored, and diplomatic relations between the two countries were elevated to the embassy level the next year.

Relations between the USSR and Israel were strained for the next few years, and this was due primarily to Tel Aviv's expansionist foreign policy toward the Arabs, a policy which coincided with the aggressive plans of Western powers for the region. In 1956 Israel took part in the tripartite aggression against Egypt, and the USSR protested by recalling its ambassador from Tel Aviv. The

Soviet diplomatic representative did not return to Israel until the Israeli troops had been withdrawn from Egyptian territory.

A more complicated situation took shape in June 1967, however, when Israel launched aggressive attacks on Arab states and occupied much of their territory. On 23 March 1967 (2 weeks before the start of the war), the Soviet Government had already issued a statement "On the Situation in the Middle East," warning Israel that any aggressive behavior would be opposed by the united strength of the Arab countries and the decisive counteraction of the aggression by the USSR and all peaceful states. Tel Aviv ignored the warning.

In the morning of 5 June Israeli armed forces launched a surprise attack on Egypt and simultaneously initiated military actions against Syria and Jordan. This aggression was not the "preventive repulsion of the Arab threat to Israel's existence" described in Israeli propaganda, but an attempt to carry out sweeping annexationist plans. The Israeli leaders in Tel Aviv stubbornly ignored the UN Security Council resolution calling for an immediate cease-fire and the USSR statement of 8 June, warning Israel that the continuation of hostilities would jeopardize the future of diplomatic relations. On 9 June the leaders of the communist and workers parties and governments of Bulgaria, Hungary, the GDR, Poland, the USSR, Czechoslovakia, and Yugoslavia met in Moscow. They made a joint decision to break off diplomatic relations with Tel Aviv unless the aggression ceased. The Soviet Government contacted Washington directly at the same time to warn the U.S. administration that Israel's failure to cease the hostilities could motivate military action by the Soviet Union. After exhausting virtually all of political options, the USSR severed diplomatic relations with Israel on 10 June, warning it that it would institute sanctions, with all of the ensuing consequences, jointly with other peaceful states. That same day the Israeli leaders announced the cessation of hostilities.

Of course, today people might question the effectiveness of the USSR's move, but the decision to cut off diplomatic relations appears to have been logical in the context of the tense atmosphere of that time, when so much was at stake.

In subsequent years the USSR used every possible channel to promote a just settlement in the Middle East and to stop the occupation of Arab lands. The Soviet leadership had to assess many processes in the Arab countries from this standpoint. Regarding Israel as the aggressor, the USSR avoided all official contact with Israel for a long time.

The start of perestroika in the USSR in 1985 was accompanied by a new philosophical approach to foreign policy issues, based on a balance of interests, the renunciation of force, the de-ideologization of intergovernmental relations, etc. The new approach called for new methods. It became obvious that an effective search for

a peaceful solution to the Middle East problem would require direct contact with all parties to the conflict. There was a series of meetings with representatives of the Israeli foreign ministry in 1986-1989. Last June an Israeli consular group arrived in Moscow and a Soviet consular group visited Israel.

The recognition of UN Resolution 242 by the National Council of Palestine at the end of 1988—i.e., the Palestinian recognition of the State of Israel—provided new opportunities for a settlement in the Middle East, and this made the more specific discussion of the restoration of diplomatic relations with the USSR possible. In February 1989 in Cairo, E.A. Shevardnadze met with Y. Arafat and with Israeli Foreign Minister M. Arens on the same day. Shevardnadze's recent proposal that representatives of the PLO and Israel meet in Moscow also had great repercussions.

Despite the absence of diplomatic relations between the USSR and Israel, contacts in culture, sports, and other areas have been developing for several years. Soviet singers, writers and poets, and dance companies have gone to Israel, the USSR took part in the book fair in Jerusalem, and there have been some athletic meets.

Therefore, the issue of diplomatic relations with Israel is on the agenda and is being widely debated at this time. Some of our researchers and journalists, particularly IZVESTIYA correspondent A. Bovin and OGONEK Editor-in-Chief V. Korotich, believe that diplomatic relations with Tel Aviv should be restored immediately. This is also the view of the recently established Israel-USSR Friendship Movement. There is also another point of view, however, and it has been expressed by a public organization opposing the restoration of diplomatic relations with Israel. What are the arguments "for" and "against" this move?

The former believe, for example, that in view of the present deadlock in the Middle East and the improbability of agreement in the near future, there is no reason to delay the resumption of diplomatic relations. In their opinion, this would be a move in keeping with the spirit of political realism. This approach does seem reasonable, although the situation in the Middle East is not that hopeless. There is also another side to the matter, however—the moral side. Is it even permissible to institute relations with the aggressor when it is brutally suppressing the Palestinian uprising, when its punitive forces are destroying the homes of civilians and shedding the blood of people who want only one thing—to decide their own future? Furthermore, Israel did not respond in any positive way to the Palestinian recognition of Resolution 242, although it could have and should have. On the contrary, its position is growing increasingly intransigent.

Candidate of Historical Sciences Ye. Yevseyev has his own point of view. He is convinced that only the de-Zionization of Israel will make the discussion of an Israeli embassy in Moscow possible. This is certainly a

controversial point of view, but it is also valid. Zionism has been categorized by the United Nations as a form of racism and racial discrimination. Shamir's Herut party, for example, is still pursuing one of Zionism's reactionary goals—the creation of a "Great Israel" through the annexation of Arab lands. The fact that opposition parties have dissociated themselves from this goal, even those professing the Zionist ideology, is a different matter. It would be difficult to separate the attitude toward Israel today from the attitude toward Zionism in line with the USSR's declared de-ideologization of inter-governmental relations.

Most people believe that the truth lies somewhere in between these opposing points of view. The official position of the Soviet Government seems more balanced in this respect—the issue of diplomatic relations between the two states could be resolved at an international conference on the Middle East. But who can guarantee that Israel will not sabotage the international conference on the Middle East, as it already did in 1973 in Geneva? For this reason, the restoration of diplomatic relations will depend on at least two fundamental conditions: the withdrawal of Israeli troops from the occupied territories and the recognition of the Palestinian people's right to self-determination. Otherwise, there will be no political or moral justification for an Israeli embassy in Moscow.

Secret Pakistani-Afghan Confederation Plan Described

90410348A Moscow KRASNAYA ZVEZDA in Russian
6 Feb 90 First Edition p 3

[Article by V. Petrov: "From Hiding-Places in Islamabad"]

[Text] ... To provide guarantees that the Islamic government of Afghanistan will move to establish a Pakistani-Afghan confederation in which Pakistan will play the leading role. Within the framework of the confederation, it is necessary to eliminate the border between the two countries and to introduce a common economic structure. Pakistan will receive access to Afghan uranium and will be able to implement a nuclear program independently of foreign sources. In accordance with political motives, the initiative for the confederation should proceed from the Islamic government of Afghanistan.

Thus was Pakistan's main task for the period immediately after the signing of the Geneva agreements and the withdrawal of Soviet troops from Afghanistan stated in a secret report by Lt Gen Khamid Gil, the Pakistani intelligence chief, to former president Zia-ul-Haq. The content of the report, which was recently published in the newspaper KABUL TIMES, sheds light on the true aims, which have been carefully concealed by Islamabad, in its policy on matters pertaining to the peaceful settlement of the situation around Afghanistan.

The Pakistani intelligence report points out that a vacuum has originated in the region with the withdrawal

of the Soviet army from Afghanistan. In order to oppose India, the authors of the report think that Pakistan must unite with Afghanistan in a confederation under the flag of rallying the Islamic countries in order to further peace, security and stability in the region and oppose communist influence.

The report points out that the main precondition for implementing this turn of events is the fact that the leaders of the opposition Afghan "Alliance of Seven" support the idea of a Pakistani-Afghan confederation because they depend on Pakistan and are cooperating with its special services. The report points out that the matter must lead to the military victory of the mujaheddin. Pakistan must provide the necessary military and political support to the "Alliance of Seven" especially the Hekmatiar grouping as the most influential and dependable one.

The idea of a Pakistani-Afghan confederation, as they cannot fail to understand in the Pakistani special services, affects the interests of the USSR, United States, India, and other countries. That is why Pakistani intelligence has tried to forecast their possible reaction. The report points out that the United States and other Western countries will view the idea of a confederation positively since it "corresponds to the strategic aims of the American policy of containing communist expansion." The benefits for Washington are more than evident. If a confederation is formed, the American-Pakistani agreement will also be spread to Afghanistan without any difficulties.

The Pakistani intelligence experts think that the Soviet side will view the Pakistani-Afghan "union" without enthusiasm although the USSR may establish relations with it in the future. The report points out that the main opponent of the confederation will, in all probability, be India because the establishment of a Pakistani-Afghan "union" will damage its efforts aimed at establishing Pakistan's international isolation.

These are the plans. The reality does not at all agree with them as we see.

Azeris in Iran Depicted

90410348B Moscow *LITERATURNAYA GAZETA* in Russian 7 Feb 90 p 9

[Article by Igor Belyayev: "Are the Azeri a 'Divided People?'"

[Text] A celebrated scandal occurred last week in the Iranian parliament. Two deputies who tried to speak from the podium in the parliament of the Islamic Republic of Iran, were not allowed to speak in the Azeri language. The attitude toward Iran's Azeris in the highest body of legislative power in that country was reflected in what happened just as in a drop of water

Generally speaking, it is necessary to say that violent passions have always seethed there around Iranian Azerbaijan. More than once, I have had occasion to run

across the allegation that it is almost the most backward part of our southern neighbor. They call the Azerbaijani in Iran themselves "Azeri." Perhaps there is nothing offensive or humiliating in this. I would like to stipulate in advance that I am not imputing anything bad in their interpretation of this name of our Azerbaijani colleagues. It is simply surprising why this abbreviation is suddenly being used....

The dead imam, R. Khomeini, the country's first spiritual ruler after the shah's overthrow in 1979, thought that the Azerbaijani did not exist at all as a nation. He said: "They are Turks." Here, I would like to point out that there were very many interpretations of opinions similar to the above-quoted one in Iran.

I well remember how openly hostile relations arose between R. Khomeini and K. Shariat-Madari; the great ayatollah and future spiritual ruler had just returned to his country after many years of exile. The trouble was that K. Shariat-Madari was an Azerbaijani by nationality. When R. Khomeini began to be called an imam—incidentally, on his own initiative—the former caustically noted:

"The twelfth imam, who had become lost in the heavens and who should bring numerous blessings and reconciliation to millions of his Shiite followers (and in Iran, of course), should come down from the clouds. The new imam, R. Khomeini, got off the Air France Boeing 747 that brought him from Paris...."

On orders of R. Khomeini, the great ayatollah K. Shariat-Madari was placed under house arrest for life. Even when he asked for permission to go to London to have a cancerous tumor removed, he was refused.

I have cited several details of the strife between Iran's highly placed spiritual figures in order to point out that they did not make any allowances there even for the great Azerbaijani ayatollah despite the fact that he supported R. Khomeini at one time and saved him from arrest....

Let us return, however, to the situation in Iranian Azerbaijan. A total of 9 million people live there now. The city of Tabriz is the province's capital. It is not listed among Iran's industrial or cultural centers although I do not at all deny that they make much of the Iranian Azerbaijani's national culture. However, they do not often write and talk about it in Teheran....

It is known that events occurred in Iranian Azerbaijan in 1946 which testified to the fact that its inhabitants wanted to achieve the triumph of democracy. Their demonstration was cruelly suppressed by the shah's army. They now remember this with a somewhat strange anti-Soviet aspect. In Baku, especially in connection with the "demolition" of the Soviet-Iranian border during the first 10 days of January 1990, they spoke with renewed strength about the "divided people." Several years ago, I heard from my Baku friends that it would be good to solve the Azerbaijan problem by uniting Iranian

Azerbaijan to Soviet Azerbaijan. The formula has now been changed and they are almost talking about establishing an "Islamic Azerbaijan" (at least, several leaders of the People's Front have proposed this slogan.)

I do not wish to conjecture whether or not the extremists from the People's Front of Afghanistan want to enter into some kind of special relationship with Iranian Azerbaijan. Perhaps, clarity will be introduced into this later. However, does Iran, which by no coincidence has threatened us with a "Muslim fire," need this? Would it not be better to halt the "Islamic games," that have been begun at the Soviet-Iranian border and transform the border not into a source of discord but into a zone of tranquillity? As a result, both the Soviet Union and Iran would win.

Leader of Islamic Society of Afghanistan Profiled

90U10347A Moscow SOVETSKAYA ROSSIYA in Russian 28 Jan 90 First Edition p 5

[Article by N. Semenenko, Islamabad, under rubric "Political Portrait: Burkhannedin Rabbani": "Theologian, 'Minister,'... Smuggler"]

[Text] It is no simple matter to withstand that rigid, studious, penetrating glance from the slightly squinting pitch-black eyes. It leaves a person with a sense of coming into contact with something bad, cruel, and oppressive. That impression is carried away by everyone who has ever had even a single meeting with one of the leaders of the Afghan armed opposition, Burkhannedin Rabbani. SOVETSKAYA ROSSIYA is told by a TASS correspondent in Islamabad.

Rabbani is described as a restrained, taciturn person. In conversations he prefers to ask the questions and then he listens attentively to what his conversational partner says. He almost never smiles. Even after a short conversation with him, one gets the impression of a commanding leader with considerable organizer capabilities.

Until recently, in Afghanistan and outside its confines, people used to talk more frequently about another leader of the Mujaheddin—Gulbeddin Khekmattiar—who had "screened" by his misdeeds on Afghan soil the remaining leaders of the infamous "alliance of seven" that has its base in the Pakistan city of Peshawar. However, by virtue of his extremism and cruelty, including such actions with respect to his own comrades in arms, he, together with the Islamic Party of Afghanistan (IPA) that he heads, has proven to be in isolation among the Afghan opposition.

G. Khekmattiar's transoceanic protectors have also turned away from him, sharply reducing their financial assistance and their shipments of weapons to his grouping. The person who, at the present time, is moving forward on this wave onto the first positions in the Afghan resistance is B. Rabbani, leader of the Islamic Society of Afghanistan (IOA), whose grouping, on the basis of size and organizational cohesiveness, stands in second place after IPA.

Under conditions of the increasing contradictions in the leadership of the Mujaheddin, which became even more acute after they were defeated near Jelalabad, B. Rabbani, who belongs to the fundamentalist current in the "Peshawar alliance," but who, more than the others, gravitates toward the "moderates," could possibly become that compromise figure that, to one degree or another, would satisfy both wings of the "alliance of seven," as well as its western protectors.

But there is one extremely substantial obstacle to this. The fact of the matter is that B. Rabbani is, by nationality, a Tajik. It is precisely for that reason that, for the Afghan opposition, which as been subdivided on the basis of religion, nationality, tribe, and other considerations, his candidacy is not suitable for the role of a leader who is capable of consolidating all the Mujaheddin under a single principle. At the same time, taking into consideration B. Rabbani's influence in the opposition ranks and the strength of his grouping, the basic influx of financial and military aid from abroad is currently being channeled to the detachments that are operating on Afghan territory under IOA leadership.

B. Rabbani was born in 1940 in the city of Peizabad (administrative center of Badakhshan Province in Afghanistan). He was born into the Yaftali Tajik tribe. After graduation from the Kabul Theological High School and the Theology Department of Kabul University, he continued his theological education at Al-Azhar University in Cairo. While a student at that religious center of the Muslim world, he fell under the influence of, and became closely associated with, members of the extremist fundamentalist organization of "Muslim brothers."

After returning to his homeland in the late 1960's, B. Rabbani became a philosophy instructor in the theology, literature, and political-sciences departments at Kabul University. While working as an instructor, he propagated among the students the ideas of Muslim fundamentalism, and subjected to criticism the regime that had existed in Afghanistan, a regime that, in his opinion, had allowed "the penetration of communism into the country." He became one of the creators of Afghanistan's first fundamentalist organizations—Muslim Youth—which operated at Kabul University in the late 1960's and early 1970's. Afghanistan's religious fundamentalists proclaimed as the goals of their struggle "the restoration of the fundamental principles of Islam in society"; the purification of society by ridding it of its late "accretions" and "distortions"; the return to the state structure that had existed during the times of the prophet Mukhammed and the four "righteous" califs; and the creation of a "truly Muslim state."

In 1973 B. Rabbani, who was then in the leadership of Muslim Youth, disagreed sharply with regard to the question of an armed action against the M. Daud regime with G. Khekmattiar, who was joining that same organization. G. Khekmattiar headed the most extremist-minded segment of Muslim Youth, a segment that, in 1975, made an unsuccessful attempt at an armed

uprising. Fearing arrest, B. Rabbani fled to neighboring Pakistan, from whence he made a trip to a number of Arab countries, where he enlisted support and promises of assistance on the part of fundamentalist organizations. Returning to Pakistan in 1976, he began to create his own fundamentalist organization, which absorbed his adherents from Muslim Youth.

After the April revolution in Afghanistan in 1978, the IOA, together with other antigovernmental groupings, began an active armed struggle to overthrow the republic regime. The basic areas of the armed activity by that grouping were the country's northern provinces, as well as Panjshir Valley.

At the present time B. Rabbani is the "minister" of reconstruction in the "provisional government" that was formed by the armed opposition in February 1989 in the Pakistan city of Rawalpindi. He laid claim to a position of "a more important minister," such as, for example, minister of foreign affairs or defense, but under the conditions of a feud among the leaders of the "alliance of seven," under pressure exerted by the American and Pakistani services, he was forced to agree to take this position. However, even after the formation of the "government," the differences of opinion in the Mujaheddin camp did not cease. Starting in July 1989 open warfare flared up on Afghanistan territory between the detachments belonging to the B. Rabbani and G. Khakmatiar groupings, which warfare converted them into even more unreconcilable enemies.

Unlike the "leaders" of the "alliance of seven," B. Rabbani speaks openly about the weakness of the Afghan armed opposition. For example, in a recent interview with the Pakistani MUSLIM newspaper, he stated outright that the reason for the Mujaheddin's failures in the struggle for Jelalabad had been the lack of any coordination in the actions from a single command element; the intensification of the differences of opinion among them; and the increased might of the governmental troops. Nevertheless, despite his ability to evaluate the situation realistically, the IOA leader is in favor of a "jihad" until the final victory, and rejects any possibility of compromise with the RA government.

An important attribute of B. Rabbani's political image—as, incidentally, it also is for the majority of the other leaders of the opposition—is his striving for profit. He, in particular, receives considerable amounts of money by carrying out operations to smuggle out of the country lazurite from the Afghan province of Badakhshan. The IOA and B. Rabbani himself have a considerable amount of money from the opium and heroine trade.

Egypt's President Mubarak Profiled

90U10347B Moscow KOMSOMOLSKAYA PRAVDA in Russian 3 Feb 90 p 3

[Article by KOMSOMOLSKAYA PRAVDA special correspondent A. Shumilin, Cairo: "President From the

Steering Wheel: Lines for a Political Portrait of Mohammed Hosni Mubarak, leader of the Arab Republic of Egypt"]

[Text] January 1987. The meeting of leaders of the member-states of the Organization of the Islamic Conference in Kuwait was drawing to an end when, after one of the sessions, its participants proved to be witnesses to an unexpected scene: Egyptian President H. Mubarak and Syrian President H. Assad—leaders of states that by that time had already been in openly hostile relations for ten years—greeting one another in a restrained manner, and then carrying on an extremely relaxed conversation. Probably not all of those present at that moment were aware that the two people carrying on a conversation in their presence were not only the leaders of hostile states, but also long-time acquaintances—former military pilots who had even served at the same air base near Cairo at a time when Egypt and Syria were a single state—the United Arab Republic (the UAR existed from 1958 through 1961), and also classmates at the Military Academy imeni Frunze in Moscow.

Not more than a month had passed after that brief meeting between H. Mubarak and H. Assad when there was a noticeable easing of the tension between Egypt and Syria. And to this day a rather large number of observers feel that it was precisely that meeting between the two presidents that had become the first signal of the thaw that presaged Egypt's rapid return to the political community of Arab countries from which it had been expelled in 1979—after the signing of a peace treaty with Israel. Egypt's triumphant return to the League of Arab Countries was completed in May 1989 at a summit conference in the Moroccan city of Casablanca. There H. Mubarak proposed to the Arab countries as a political priority a strategy of peace and economic development. Instead of a strategy of "war until a victorious conclusion."

No, fate cannot be so lavish as to give to Egypt for the third time in a row a good president, a brilliant personality who was capable at the same time of exerting a profound effect upon the course of the political processes in the region. At that time, in the autumn of 1981, that is the way that many people thought and spoke, recalling the fearless A. Nasser, who in 1956 had nationalized the Suez Canal, and the shrewd A. Sadat with his sensational flight to Jerusalem in 1977. The name of "a shadow that has lost its tree" was frequently given to H. Mubarak. Egyptian vice-president, soon after the assassination of A. Sadat. "We no longer have that person, we no longer have his bravery," H. Mubarak had said on 8 October 1981, as though reinforcing his doubts about his own abilities, when he assumed the duties of president.

Nevertheless fate had once again given a present to Egypt: the more than eight years of his presidency had confirmed the realism of H. Mubarak's policy, its realism and purposefulness, which had returned to Egypt its leading role in the Arab world.

As early as the 1970's he had been called a "new generation" politician, although actually at that time he was just beginning to accumulate his political experience. By the moment of the 1952 revolution he was still too young to become a member of the "Free Officers" who overthrew the monarchy in Egypt. At that time he was 24 years of age, but he had already graduated from two military educational institutions. After 1952, fighter-pilot H. Mubarak became an instructor at the air force academy.

Biographers still will say that the young instructor attracted the attention of the leaders of the "Free Officers." Perhaps by his unusual behavior: his inclination toward strict discipline, for example, was combined in him with a categorical refusal to be "condescending" to the children of the new military leaders. Incidentally, that also had caused certain problems. However that might be, H. Mubarak's military career was developing at a headlong rate. In 1967, after the almost complete destruction of Egyptian aviation in the course of the "six-day" Arab-Israeli War, he became one of those who worked to restore the country's military air force. At the age of 39 years, H. Mubarak headed the air force academy where in the 1950's he had begun as a simple instructor.

In 1972 H. Mubarak was the commander in chief of Egypt's air force. October 1973 was approaching. Today the analysts agree that if that war had again ended as a catastrophe for Egypt, H. Mubarak's name would have been expunged forever from the lists of the country's highest military leadership. However, fact remains fact: the aviation led by him provided reliable cover for the effective actions of the Army subdivisions during the first days of the war.

In April 1985 H. Mubarak's military career was interrupted. He was appointed vice-president of Egypt. "We must open up paths for the new generation," President A. Sadat said in that regard. "We need politicians who embody the spirit of 6 October." At that time Hosni Mubarak was 47 years old.

In the early 1980's, journalists frequently recalled a certain episode in the life of Egypt's third president, when in 1959, as a fighter-pilot, he had been assigned to command a squadron of bombers. Perhaps it had been then, they said, that he lost his impetuosity, boldness, decisiveness, and imagination—qualities that are typical of a light-winged Assam fighter. This was more than a transparent hint of the work style of a president who had largely become the direct opposite of the unpredictability and impulsiveness of his predecessor. Most often, H. Mubarak's style is described as being "down to business," that is, "less talk and more action."

This manifested itself largely in the striving of the third president not to abuse the attention of the press, and in his work capacity, which was legendary... People say that as early as 1981 most of the Egyptian newspapers, on the request of the president himself, began calling the chief

of state simply Hosni Mubarak, without mentioning his first name—Mohammed. It is no secret that Sadat had frequently used to his own advantage the very same first name, which is so respected by Muslims. ("There is no God other than Allah, and Mohammed is his prophet.") Mubarak himself had indicated the essence of his style by a brief sentence in one of his statements in November 1981: "I would like to emphasize that I have no intentions of making any promises that I cannot keep."

"He (Mubarak) saw the results of Sadat's constantly intensifying autocratic methods. Instinctively he was against them, as is attested to by his interrelationships with the country's parliamentary system," the well-known journalist and expert on Eastern affairs E. McDermott writes in his book "Egypt: From Nasser to Mubarak." It is a just conclusion, since even many of the political institutions that had been created by Sadat have begun to operate differently under the third president. For example, H. Mubarak eliminated a rather large number of the obstacles that had been hindering the actions of the opposition parties, and made contacts with them. One of his first political actions was the freeing of 31 political prisoners whom he immediately received at this palace. It is said that the activists in the opposition parties who had been in prison did not even know where they were being taken immediately upon being released from behind bars.

In the ranks of the governing National Democratic Party, of which H. Mubarak is the general secretary criticism has frequently been directed at him, to the effect that he allegedly devotes more attention to the opposition than to his own party. The criticism is not completely unfounded, since, unlike Sadat, H. Mubarak has made a number of serious attempts to invite the leaders of the opposition to take part in consultative sessions when making various very important decisions. The political liberalization under the third president has also had an effect on the considerable easing of censorship of the press. In the central newspapers one could frequently read articles containing frank criticism of the government. Another important element of H. Mubarak's political concept, all things considered, is his attempt to equalize the influence of the civilian politicians and the higher military leadership.

In a word, while retaining the basic trends in his predecessor's political course, the third president has noticeably changed the political tactics, while demonstrating his own style. It is as though, in most instances, he has preferred something directly opposite to what Sadat would have wanted. This has had an effect even upon the protocol functions of the president's wife: unlike "first lady" Jihan Sadat, H. Mubarak's wife Suzanne (who is half-English) most frequently remains in the shadows and is practically unknown to most Egyptians.

Egypt's first two presidents had to fight for their power: Nasser overthrew the monarchy; Sadat defeated the leaders of the leftist forces who were his rivals. Mubarak had inherited the power. By accepting the powers of the

chief of state, he assumed all at once the risk and responsibility for three challenges that were threatening the country with catastrophe: the rampant actions of Islamic extremism; the burden of economic problems; and the consequences of Egypt's political and economic isolation in the Arab world.

At the moment of Sadat's assassination, H. Mubarak was standing right alongside of him. The bullets that hit the president could also have hit him. H. Mubarak directed a hail of repressions against the organizers and executors of the assassination, who belonged to the Al-Jihad organization of religious fanatics: a total of approximately 2000 persons were arrested.

Egypt's economic problems by the beginning of the 1980's were very complicated, and it was impossible to resolve them by using radical methods. A. Sadat's "open door" policy, which had been on the point of reviving the economic activity in the country in the 1970's, had revealed its flaws by the beginning of the 1980's. It became obvious that in the form in which it had been thought up, that policy had led to a considerable social stratification in society, and to the appearance of a segment of millionaires (in Egypt they are called "fat cats"). But there had not been sufficient incentives for capital investments in the production sphere. The attempt to activate production and to resolve the economic problems would have to be made by the leadership principally by means of foreign aid (primarily from the United States) and loans. As a result, in addition to the unfavorable economic situation (the decrease in oil prices, the reduction in currently proceeds from Egyptian workers abroad), by 1985 Egypt had the largest foreign debt of all the African countries. Under these conditions H. Mubarak's economic team began to devote increased attention to the state sector in industry, simultaneously assigning the task of freeing the state enterprises of their bureaucratic shackles and converting the administrative system from methods of administrative fiat to economic methods. A rather large number of these enterprises were created with the cooperation of the USSR, and today the Egyptian leadership raises the question of renewing the cooperation with our country, particularly in the industrial sphere.

However, despite all the complexity of the economic problems, the sphere that remains the priority one for H. Mubarak's presidency is the foreign-economic sphere, and primarily the inter-Arab relations. The president has seen his task in restoring to Egypt its leading political role, which was lost as a result of the conclusion of the peace treaty with Israel, but without rejecting at such time the well-principled trends in the country's foreign policy, including those evolving from the treaty with Israel. The task appeared to be almost unresolvable: the peace continued to be a separate one, and its evaluation by the Arab countries was negative, as it had been previously. Nevertheless there were chances, and their third president used them skillfully.

The eight years of intensive work in this direction have yielded their results: in March 1989 the last piece of

Egyptian territory that had been occupied by Israel in 1967—the Taba sector—was returned to Egypt. The Egyptians' national pride was satisfied, and the peace has proven to be solid. Mubarak's Egypt is also fulfilling his pledges to seek the resolution of the Palestinian problem, which has been attested to by the recent initiatives of the third president that are aimed at promoting direct negotiations between the Palestinians and the Israelis.

While preserving the previous relations with West European countries and the United States, H. Mubarak is applying noticeable efforts to restoring completely the relations also with the Soviet Union. The careful weighing of his positions and his realistic approach make the third Egyptian president a unique figure in the Arab world—a state leader who is capable of entering into contact with any of the sides having legal interests in the Middle East. A proponent of dialogue as the main means of resolving political problems, H. Mubarak has proven that in order to return that which was won by the shedding of blood, in order to preserve the honor and dignity of one's country by peaceful means in the very complicated political situation of the Middle East, it is necessary to have no less boldness, persistence, and imagination than when making the decisions that made his two predecessors remarkable.

Turkmen SSR Deputy Trade Minister Interviewed on Foreign Trade

904A0122A Ashkhabad TURKMENSKAYA ISKRA in Russian 7 Dec 89 p 4

[Interview with Chary Taganovich Kuliyeu, Turkmen SSR deputy trade minister, by M. Malkhasyan, part-time TURKMENSKAYA ISKRA correspondent: "How Are We Trading in the Foreign Market"; date and place not given]

[Text] The range of Turkmenistan's foreign economic ties is expanding. This is especially urgent today when the republic is preparing for the shift to regional cost accounting. There are now quite a few new foreign partners in trade. Undoubtedly, this will help to expand the variety in our market considerably.

An interview by M. Malkhasyan, our part-time correspondent, with Ch. T. Kuliyeu, deputy trade minister of the Turkmen SSR, concerned this subject.

[Malkhasyan] Chary Taganovich, the republic's Ministry of Trade established trade relations with foreign countries comparatively recently. On what is this trade being built?

[Kuliyeu] I would say on a very modern commercial basis of barter operations. In other words, we are conducting a direct exchange of goods. We sell abroad those goods that we have a sufficient amount of, and we purchase those that are in wide demand among the population. For example, the Yugoslavian firms Interek-sport and Montenegroeksport purchase cotton wadding and silk cloth from us and deliver knitted outer-wear,

women's underwear, clothing, and children's and women's footwear. These are not our only trade partners. Contacts have been established with France, Cyprus, North Korea, the Chinese People's Republic, and other countries. The total of import contracts concluded for next year exceeds the export total by almost twofold.

The Polish Torimeks will deliver pastries, clothing, footwear, cosmetics, souvenirs, and office products to us in exchange for our coarse calico. The Hungarian firm Shkala KOOP has purchased several types of household items from us and will sell us fancy leather goods, knitted garments and cosmetics. We have concluded a contract with the Chinese company SUAR (in the city of Urushchi) for the delivery of tape recorders, clothing and children's clothing. I would point out that this is the first contact with China which we arranged jointly with the Turkmen Union of Consumers' Societies.

Our textiles have also caught the eye of the Pakistan firm Merkurij and we will receive computers and clothing from them. France (the Rabat and K firm) is eagerly buying our sea-salt, whose export variety has now been approved. However, I think that we are making consumers happy with needed and good quality products. We receive radios from the Korean firm Ponkhva in exchange for aluminum pots.

[Malkhasyan] It is no secret that technical progress is occurring slowly in our republic's trade area. Will relations in the international market help to advance it?

[Kuliyev] Without a doubt. We are concerned not only about saturating the market but also about mechanizing the work of trade workers. A contract for the delivery of modern trade equipment has been concluded with the large Yugoslavian firm Energoprojekt. We have already received freezers for producing soft ice cream, electric grills and waffle irons from them. Representatives of the firm will soon come to us and, I think, we will find further grounds for new commercial deals.

[Malkhasyan] Chary Taganovich, you have traveled on commercial business trips to several foreign countries for discussions with your partners. Were these trips useful in a professional sense?

[Kuliyev] I will say frankly that I received a good lesson there in the art of trade. In Zagreb, Belgrad, and Dubrovnik (Yugoslavia), I visited large supermarkets. These are stores where an individual can purchase everything—from food products to sewing needles. The stores in Washington, Boston, New York, and Budapest struck me with their beautiful interiors and high standards of service. The thrift, with which they regard food products abroad, is striking. They sell them in small factory-made packages that are bright and colorful. Whether you want to or not, you will buy. We must simply imitate this experience—the faster the better. However, one must admit that we are still far from achieving such results.

The fact that foreign firms are displaying great interest in establishing commercial ties with our republic made me

happy. I confess that for the first time I have experienced a taste for business negotiations and a desire to analyze and weigh each counter proposal. In a word, the negotiations have become a distinctive type of examination of my professional competency. Whether or not I passed it, time will tell. In any event, a trip to a foreign partner provides us with a real opportunity to monitor the balance in our domestic market, sell our surplus goods and acquire what the people in our republic need.

[Malkhasyan] What are the prospects for foreign economic commercial relations with other countries?

[Kuliyev] Perhaps the main thing is the opportunity to trade independently. Until now, you see, all export and import operations were conducted through the Sovintorg firm in the All-Union Raznoeksport Association. There were difficulties connected with the fact that the republic did not have a single center which would coordinate the work of industrial and commercial enterprises and which would take stock of goods and industrial products that are produced in the republic and that one could offer our partners. I have in mind those items that were produced above the state orders and from above-norm stocks and production wastes.

The republic has now established a republic cost accounting foreign trade association—Turkmenintorg. It will carry out export and import operations within the framework of foreign trade and organize the republic's direct ties with foreign countries. Other responsibilities of the association are the development of draft future five-year and annual plans for the export and import of goods and services, the implementation of advertising measures, participation in international fairs, and assistance in foreign tourism.

Through the mediation of Turkmenintorg, we recently signed a contract with the African Bidet Company, Limited firm for the delivery of dress material, which enjoys increased demand among our women, using barter trade.

We will also establish a new structural subunit for foreign economic work in the republic's Ministry of Trade. Its functions will be to carry out export, import and barter operations for barter and border trade.

This work, which is new to us, has not occurred without problems. We have become aware of a shortage of competent specialists in the field of international commercial relations. Today, the questions of defining contract prices are not always solved professionally. Our poor information also hampers us—we do not have detailed data on the state of the domestic market in foreign countries at our disposal. If such a bulletin were published in our republic, our businessmen could easily orient themselves with respect to price policies and understand the nature of barter deals better.

Our work in the foreign economic area still does not satisfy us for these reasons. We know that we have reserves for expanding trade but we have still not been

able to use them fully. If we solve the problems, about which I talked above, we will be able to increase trade to 300 million rubles. This means saturating the market with goods and increasing revenues for the republic's budget from export and import operations.

Palestinian Peace Plan, Intifadah Goals; U.S. Reactions Examined

90UI0181A Moscow PROBLEMY MIRA I
SOTSIALIZMA in Russian No 11, Nov 89 pp 64-65

[Article by Makhmud Shukeyr, member of the Central Committee of the Palestinian Communist Party: "Palestine: A Road To Peace"]

[Text] The events that took place after November 1988, when the 19th session of the Palestine National Council (PNC) proclaimed an independent Palestinian state and passed a declaration that became the foundation for a national peace plan, are of great significance.¹ They confirm the correctness of the realistic course formulated by the Palestine Liberation Organization (PLO).

The popular uprising continues to be a challenge to the Israeli occupation forces. Intifadah represents a qualitatively new stage in the Palestinians' national fight. It is characterized by wider participation of the representatives of all social groups, diverse forms of opposition to the occupation army and the Israeli settlers, and the use of new, more flexible methods. Certain mistakes have been avoided. For example, the insurgents did not resort to the classic concept of civil disobedience which might have been justified under different circumstances. The emergence of people's committees from the very first days of intifadah, which assumed leadership functions, the implementation of the appeals made by the United National Command, and the desire to strengthen unity have become decisive factors in the continuation of the uprising and the sources of its power.

A dialectical connection between the uprising and the Palestinian peace plan became clearly evident one year after the 19th PNC session, which went down in history as "the intifadah session." While the uprising stimulated higher political awareness in the people, which took into account intifadah's real potential versus a superior military force, this awareness, shaping the prospects and slogans of the uprising, contributes, in its turn, to its continuation and development.

The organic combination of two new elements in the PLO's position - the intifadah and the Palestinian peace plan - explains the many political shifts that have been taking place recently. These include progress made in the matter of insuring the Palestinians' national rights, on the one hand, and the opposition on the part of certain circles making attempts to separate these elements, which would bring the uprising to an end and neutralize the Palestinians' peace plan, on the other.

The American Administration was compelled to have a dialogue with the PLO after the plan had been

announced. In an attempt to break the deadlock in which it found itself as a result of an openly hostile attitude to the Palestinian resistance movement, Washington is trying by resorting to various manoeuvres to achieve its previous goals: to abrogate the Palestinian people's national rights and to establish an alternative to its organization. A series of meetings held between the PLO and US representatives has failed to achieve an agreement in their viewpoints so far. It is no secret that the US side is using these negotiations to impress on the world community the idea that a settlement of the crisis is drawing closer. Washington is seeking to gain time in the hope that the Israeli rulers will succeed in suppressing intifadah and then maybe the previous situation will be restored. Besides, following H. Kissinger's "step-by-step" tactics again, the US is trying to put focus on insignificant details and thus detract the PLO's attention from the fundamental problems of settlement.

The refusal to recognize the right of the Palestinian people to self-determination and the establishment of a state of their own, and the nebulous statements about the Palestinians' "political rights" do not mean, however, that no progress has been made in the stand taken by the US Administration. It has agreed to an international conference, supports the demands to end the occupation and rejects the idea of creating a "greater Israel," claiming that UN Resolution No. 242 means "land for peace."

But this is not sufficient to achieve an all-round settlement, since Washington's desire to see the end of the uprising and the coincidence of the US position with the Israeli plan of holding elections in the occupied territories do not meet the legitimate national aspirations of the Palestinian people.

The PLO is continuing its dialogue with the US nevertheless. It follows the clear-cut guidelines set at the 19th session of the Palestinian National Council on the assumption that it is increasingly difficult to advocate a policy opposing a just and lasting peaceful settlement in the Middle East in our interdependent world.

The plan put forward by the PLO has produced a noticeable impact on Israeli society. The number of organizations and movements advocating peace has increased there. Numerous public opinion polls show growing support for the idea of holding negotiations. Voices have already been heard among the leadership of both ruling parties condemning the continued occupation of Arab lands; the views of many military people have also changed. Along with the firm relations maintained by the PLO with the Communist Party of Israel, the PLO has expanded its ties with some other Israeli organizations holding realistic stands. The changes have been limited so far, as a matter of fact. This is explained by the fact that the forces advocating peace and realism are disunited in the country, lack a definite political program, with the exception of the Communists, and do not come out as a single front.

The plan proposed by Israeli Premier I. Shamir of holding elections on the occupied lands represents a reaction of sorts to the PLO's peace initiatives which have won broad support from the international community. The Israeli ruling circles believe that the idea of holding elections can evoke a positive response among the world community. The facts, however, lay bare the nature of this plan and the political maneuvers behind it. In reality, the situation is characterized by the following main elements:

- although the Palestine Liberation Organization has agreed to the idea of holding elections (provided they come hand in hand with a final and all-round conflict settlement, and are monitored by the UN after the Israeli troops have been withdrawn from the occupied lands) the Israeli leadership has not accepted such an approach so far;
- the occupation authorities threaten to arrest every candidate who conducts a propaganda campaign in favor of the PLO;
- all forces of reason and consciousness are convinced that democratic practice is inalienable from freedom, and that one cannot talk about democracy for individuals, while ignoring it for the entire nation, depriving it of its right to self-determination;
- under the pressure from the three extremists - Sharon, Modai and Levi - the Likud bloc has added four conditions to the Israeli plan which have made it even more anti-peace. These include the cessation of intifadah as a precondition for holding the elections, disenfranchising the population of Arab (Eastern) Jerusalem, rejection of the idea of establishing a Palestinian state, and the refusal to freeze the building of settlements on the occupied territories.

The Palestinian peace plan has deepened even further the PLO's relations with the forces advocating freedom, peace, democracy and socialism. A Palestinian-Soviet commission has been set up to study ways of convening an international conference on the Middle East settlement. One feels optimistic at the coincidence of views professed by these two sides, which constantly consult each other on matters of the evolving political situation in order to facilitate an all-round settlement.

The Casablanca conference of the Arab heads of state and government which was held in May 1989 fully endorsed the Palestinian peace plan. The Madrid

meeting of the EEC heads of state in June approved the resolution supporting the Palestinian people's right to self-determination, calling for an international conference on the Middle East with PLO participation and criticized Shamir's proposals. Mention should be made, finally, of the positive decisions passed by the 9th non-aligned conference of the heads of state and government. The international community is increasingly supportive of our cause.

All this proves that the PLO peace plan is the only possible way of achieving an all-round and final settlement of the Middle East crisis. Despite the difficulties caused by the actions undertaken by the US, Israel and some Arab regimes, the Palestinian plan remains the foundation for our struggle which is presently pursuing the following goals:

- to continue intifadah and develop respective political and economic structures on the Western bank and in the Gaza strip, and to achieve a kind of autarky, which would lessen dependence on the occupation authorities;
- to step up the PLO's political activity at all levels and rally broad circles of the world community in support of the Palestinian peace plan in order to bring pressure to bear on the US and Israeli governments towards convening an international conference on the Middle East settlement;
- to improve coordination between the PLO and the region's national liberation movement units in order to put pressure on the Arab regimes with a view of implementing the decisions passed at the Algiers and Casablanca conferences of the Arab heads of state and government, and to increase support on the part of the popular masses for the uprising;
- to expand contacts between the PLO and realistically-minded circles in Israel which oppose occupation regardless of their ideological platforms. The aim is to expose Israel's aggressive policy and to advance alternative proposals based on the recognition of the principle of "two nations, two states" on the soil of Palestine.

Footnote

- (1) See N. Ashkhab *Palestinian State Proclaimed.* - PROBLEMY MIRA I SOTSIALIZMA No 2, 89 - Editors

END OF

FICHE

DATE FILMED

29 March 1990